Kohl rejects rushed arms accord, Page 3

No. 30,225

Tuesday May 5 1987

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Soviets

World news

day May 2 1987

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When you had been a second or second

Fig. 1. Straight of the control of t

expect missile treaty

draft treaty with the US scrapping all medium and shorter-range nu-clear missiles at the present round of Geneva arms talks, according to the Soviet chief negotiator Yuly Voronssov, who is also First Deputy

In Washington, President Reagan said the US would soon table a draft treaty in Geneva calling for a 50 per cent cut in long-range strategic mis-

He said he had directed his Geneva negotiator to intensify efforts to reach an agreement. However, on the question of eliminating shorterrange missiles from Europe, the President said the Soviet Union had yet to provide important details on verification against cheating.

Johannesburg riot

South African riot police arrested 120 demonstrators and detained 13 foreign journalists at Johannesburg's Witwatersrand University after students ignored a ban on a meeting to be addressed by Winnie Mandela. Election, Page 24

Waldheim action

President Kurt Waldheim of Austria said he would take action against the US following its ban on him visiting the country. Austria's Government is to establish an historian's commission on his wartime

Pope's freedom call

Pope John Paul, speaking in Speyer at the end of his five day West German visit, denounced restrictions on religious freedom in Eastern Europe and called for the free exercise of worship there.

New Soviet reactor

A new type of water-moderated nuated model used at Chernobyl.

Lebanese PM quits

Lebanese Prime Minister Rashid Karami announced the resignation of his three-year-old Government. Karami and other Moslem ministers had boycotted President Gemayel, a Maronite Christian, after he failed to endorse a Syrian-mediated Lebanese neace pact.

Barble inquiry

awaiting charges on crimes against humanity, gave an interview to a closed at \$1.5830.

Berlin security

West Berlin authorities increased police patrols and promised quicker emergency deployment plans fol-lowing a weekend of fighting, looting and burning in which more than 50 people were arrested.

Narcotics optimism

US Secretary of State George Shultz told a Washington conference of drug enforcement officers he believed the US and other gov-ernments were making headway against international drug traffick-

PLO condition

There would be no viable international peace talks on the Middle East without the participation of the Palestine Liberation Organisation, PLO leader, Yesser Arafat said

Tourists warned

Khmer Rouge guerrillas in Kampu-chea warned foreign tourists they would not be safe if they visited the famous Angkor Wat Ruins.

Fans grieve

Grieving fans of Egyptian-born of a drugs overdose. In 30 years 85m of her records were sold.

Threat to **GEC** bid for US

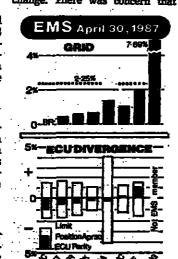
contract

Business summary

The Soviet Union expects to sign a UK GOVERNMENT has lodged vigorous protest over "Buy Ameri-can" legislation in Congress which threatens to exclude GEC Marconi, from a \$1.3bn contract to upgrade broadcasting equipment for the Voice of America radio network.

> LONDON and TOKYO stock mar kets were closed for holidays. WALL STREET: The Dow Jones industrial average closed up 5.82 at 2,286.22. Page 46

EUROPEAN Monetary System: Attention was focused on the meeting between President Reagan and Mr Nakasone, the Japanese Prime Minister last week and EMS currencies showed little overall change. There was concern that



continued dollar weakness would boost the value of the D-Mark at a faster rate than other member currencies, ultimately placing a strain clear reactor is to be built in the So- on the weaker members. Last week viet Union, Atomic Power Engineer- the Belgian franc was the lowest ing Minister Nikolai Lukonin said it placed currency but was trading old replace the graphite-moder comfortably at 45 per cent of its maximum divergence spread, However, just three months ago, it was

at only 21 per cent of its MDS.

The chart shows the two constraints on European Monetary System ex-change rates. The upper grid, based on the weakest currency in the sys-tem, defines the cross rates from which no currency (except the limi-may move more than 2% per cent. The lower chart gives each currency's divergence from its central rate against the European Curren-cy Unit (ECU), itself a basket of Eu-

French prison authorities in Lyons DOLLAR: In New York the currenbegan an inquiry into how Klans. cy closed at DM 1.7560, SFr 1.4455, Barbie, the Nazi war criminal FFr 5.9055 and Y138.55. STERLING: In New York the pound

> **HOLDERBANK Financiere Glarus** Swiss parent company of the Holderbank cament conern, is to pay an increased dividend for 1986 after a rise in parent company profits from SFr 44m to SFr 50.1m (\$34.4m).

> HUTCHISON WHAMPOA, Hong Kong-based conglomerate, an-nounced revised terms under which nounced revised terms under which it plans to split its subsidiary, the utility company HongKong Electric.

> RHONE-POULENC, French nationalised chemicals group, expects to report higher earnings this year and next year as a result of the company's restructuring and the withdrawal from loss-making sectors, Jean-Rene Fourton, the chairman, said. Page 26

> MICHAEL KADOORIE, whose family has for more than 80 years controlled the HongKong and Shanghai Hotels Group which owns Hong Kong's prestigious Peninsula hotel, narrowly escaped being over-thrown as chairman of the group as a major outside shareholder made a first move to exert his control. Page

SCHINDLER, Swiss lift manufac turing group, is raising its shareholders' dividend for the first time in singer Delida, 54, laid wreaths out-side her Paris home after she died cent increase in consolidated net earnings to SFr 48.7m (\$33m) in

Merrill reassigns senior management after \$250m loss

BY ANATOLE KALETSKY IN NEW YORK

MERRILL LYNCH has replaced the senior management of its worldwide securities trading operations as a result of the enormous losses it sustained last month through the unauthorised trading of one of its leading bond dealers. Mr Jerome Kenney, chief execu-tive of Merrill Lynch Capital Mar-

kets, the company's rapidly growing investment banking subsidiary, and Mr Brian Barefoot, head of worldwide sales and trading, have working sales and training, have both been relieved of all responsib-ilities for trading activities. These have been placed under the direct control of Mr Daniel Tully, the hold-

ing company's president.

The main loss, of \$250m, was disclosed last Wednesday, when Merrill Lynch announced that it had suspended a trader who had taken manthorised positions in the mortgage-backed securities market just before the recent collapse m bond

A further revelation came late last Friday, when Merrill said that ssed for buying Texaco bonds

giant oil company filed for Chapter 11 bankruptcy last month. The Texaco bond loss came to on-

ly \$10m, was unconnected with the mortgage-backed debacle and had nothing to do with the management shakeup, according to Merrill Lynch executives. Yet it undoubtedly intensified concern about the weakness in the firm's trading con-

to Merrill's whole corporate strategy and underlines the seriousness with which it views the trading

Close integration of trading and corporate finance is currently seen on Wall Street as the key to success in the investment banking busigether under the Merrill Lynch Capital Markets umbrella had won ment analysts.

Capital Markets has also pro-

rill Lynch's profits, as margins in the company's traditional retail brokerage activities have come under

The management structure, if not the future, of this whole operation will now be thrown into confusion. Merrill said that direct control of trading by Mr Tully was only a tem-

The decision to take control of the trading business away from Mr Kenney's Capital Markets group comes as an especially heavy blow m Rogers, a former US Secretary of State, who headed the Government investigation into the Challenger space shuttle disaster, and Mr Irving Pollack, a former member of the Securities and Exchange

Merrill stressed yesterday that neither Mr Kenney nor Mr Bareness, and Mr Kenney's perfor- foot, the two executives relieved of mance in pulling these activities to- responsibility for trading, was directly involved in any of the unauthorised dealings, and both were continuing with the firm. However, they had accepted responsibility for

ICL poised to establish European joint venture

BY DAVID THOMAS IN LONDON

negotiating its first joint production venture with a company there.

ICL's plans to increase its presence the European Community, thich, in turn, is crucial to the company's objective of deriving more of its revenues from overseas. ICL wants its revenues to be

drawn equally from UK and overwere made overseas.

ICL's main thrust in European countries is in minicomputers and in computing systems distributed throughout a department or an opnental Europe. However, ICL's turnover performance in other foreign countries

Sales fell 22 per cent to £50.6m in continental European countries out-side the Community. Mr Razmilovic described this as a temporary problem mainly due to payments being held up from Eastern European ICL's sterling revenues from Aus-

tralasia and South East Asia, and from the Americas, declined slightly last year because of currency ctuations and tough conditions in the US market, Mr Razmilovic said. He expects turnover to grow

10-15 per cent in most overseas markets this year, although in the European Community the incres may be between 8 per cent and 10 per cent, after the strong periormance last vear.

He also disclosed that ICL had a group studying the options for set-ting up an integrated manufacturing plant for hardware and soft-

foremost in the group's considerations: West Germany, where ICL has a development centre for computer integrated manufacturing; France, where it has a development centre for network sy penetrated the retail market and Spain, where ICL is keen to expand its sales and where a plant might be eligible for European Community

He said the decision, which he hoped would be made before the end of the year, might go in favour of having two small plants: one in West Germany for the manufacturing sector and one in France or Spain for the retail sector. ICL was also negotiating its first

joint production venture with a Continental European company, Mr Razmilovic revealed. Mr Razmilovic said the venture

ICL, Britain's largest computer stalled mainframe base in conticompany, is planning to establish its first overseas manufacturing plant in Continental Europe and is was more patchy last year.

Both initiatives are central to

seas sales by 1992. Last year, 37 per cent of ICL's £1.19bn (\$1.97bn) sales In 1986, ICL's best sales performance abroad was in the European

Community, where revenues were up 34 per cent at £170.8m. Mr Tomo Razmilovic, head of ICL's international operations, said ICL enjoyed particularly strong growth in West Germany, France and the Netherlands.

eration, because it lacks a large in-

"The company has a very aggres sive policy on investment," Mr Raz-

He mentioned three countries

which he hoped to be able to anhave both manufacturing and dis-

Zambia's debt ceiling decision may strain ties with aid donors

BY MICHAEL HOLMAN, AFRICA EDITOR, IN LONDON

ing on external debt payments and ment's efforts since 1973 to impleabandon a recovery programme drawn up with the support of the International Monetary Fund (IMF) could have serious repercussion for the country, economists and diplomats in Lusaka, the capital, said yesterday.

Although the immediate impact of the debt ceiling will be negligible

because Zambia has for some time been meeting only a fraction of its debt service obligations, the move could jeopardise relations with aid donors and commercial lenders. The decision was announced by President Kenneth Kaunda late on Friday night. The President said that after deducting from export earnings the foreign exchange required to service the state-owned copper mines and the national airline - as well that needed to meet fuel and fertiliser imports - 10 per

Speaking in a national broadcast,

cent of the balance would be used to

service the country's \$5.8bn exter-

ZAMBIA's decision to impose a ceil- President Kaunda said his Govern- patriates will no longer be able to ment IMF policies had led only to a fall in living standards and rising

He blamed Zambia's economic crisis mainly on the combination of rising oil costs in the 1970s and a fall in the world price of copper, which accounts for more than 90 per cent of the country's export Zambia now had to try an altern-

ative economic strategy to the IMF programme, he said, appealing to aid donors to see this as a charting out of another way that we think offers us a better chance of recovery." The President also announced a price freeze, the introduction of price controls, and the abolition of Zambia's foreign currency auction, fixing the rate of eight kwachas to the dollar, up from 21 at last week's

Further measures introduced yesterday included an end to personal foreign exchange allowances for holiday and education, and ex-

remit part of their salaries. The President also announced the formation of a committee to supervise the allocation of import licences.

Economists and diplomats in the capital doubted, however, whether the President's measures would resolve the country's economic crisis saying that efforts to reschedule the external debt would have to be

There is some sympathy for the President's predicament. It has be-come increasingly clear that he was finding it impossible to reconcile gramme - notably tough limits to the budget deficit - with growing domestic discontent.

The President's new strategy appeared to have won popular support with a crowd of several thousand reported to have demonstrated in favour of the measures at a rally in

Analysis, Page 17

Companies	
Britain	8, 10-13
Companies	28, 29
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-Wall Street 43-46 -London 40, 41 Weather 24



MOZAMBIQUE LOOKS TO THE WEST FOR END

TO CRISIS

Joaquim Chissano, Mozambique's lent, who begins a European tour. Background, Page 4

Management: rural business not a bed French regional policy: breaking out of Editorial comment: Japanese trade; Irangate: unmaking of Reagan 22 Foreign Affairs: Middle East idea that Survey: Monaco Section III

French steel groups announce merger

By David Housego in Paris FRANCES troubled state-owned steel groups Usinor and Sacilor yes-terday announced plans to merge and revealed heavy losses and fur-

ther job cuts. Mr Francis Mer, president of both groups, reported consolidated losses of FFr 12.5bn (\$2.1bn) that reflect continuing heavy provisions for reductions in capacity and man-

But Mr Mer announced that operating losses had been cut to FFr 3.6bn last year - equivalent to 5 per cent of turnover - from FFr 6.2bn in

He said that the two groups would be merged retroactively from January 1 this year under a single holding company, thereby creating a unified nationalised steel company under the name Usinor Sacilor. The aim of the merger is to strengthen co-ordination strategic planning between the two

companies, whose individual divi-

tions have been increasingly work-Last year's combined losses - up from FFr 8.7bn in 1985 but below the peak of FFr 15.3bn the previous year - include FFr 4.2bn of restructuring costs. These cover a further 16,900-17,000 reduction in the workforce in the period up to mid 1988 from nearly 90,000 at the end of last year. They also cover the write off of plant and stocks involved in capacity reductions over the coming

Mr Mer, who was appointed with instructions to restore the indus-try's competitiveness and profitabil-ity, declined to be drawn on when it would move into the black. He said operating losses would be cut by a further 40-45 per cent this year and that the industry should have virtually completed its restructuring by 1990.

But he said that profit forecasts charges on the group's outstanding 30bn. Financial charges last year on sterling's rise against other maamounted to 5 per cent of a com- jor currencies. bined turnover of FFr 72.2bn. The newly announced job losses

further cuts in EC capacity would be needed to prevent a further erosion of prices - implying that France was also ready for its share. But he called on the EC Commission to help European steelmakers to adjust by allowing governments

Continued on Page 24 Analysis, Page 2

Reagan faces new pressure over Irangate

THE US Congress today opens could threaten President Ronald Reagan's political comeback and

The joint House-Senate sessions the most important Congressional hearings since Watergate - are like directed private aid network to arm ly to produce revelations embarrassing both to President Reagan and to other foreign nations which gave money to the Contras during the Congressional ban on US military aid between October 1984 and

October 1986. Senator Daniel Inouye, chairman of the Senate select committee and a veteran of the Watergate hearings 14 years ago, repeated this weekend that President Reagan was more deeply involved in the Contra aid programme than he has so far admitted. This is the view of the vast by spokesmen for the CIA and Mr majority of Americans, according to opinion polls over the past five months

The White House, sensing the danger to Mr Reagan's recovery, has sought to create the impression of a newly envigorated leader who has put most of the scandal behind him. The 76-year-old President intends to make several major domestic and foreign policy speeches in the next few weeks and will make a high-profile visit to Venice to attend an international economic

But Mr Reagan's busy image three months of public hearings into the Iran-Contra affair which role which his advisers are putting across when it comes to the Contra aid question. Both Mr Reagan and uncover new evidence about the his advisers argue that the Presisecret White House operation to dent was unaware that some offiarm the Nicaraguan Contra rebels. cials, led by Marine Lt Col Oliver North, the sacked national security officer, were running an officially

> the Contras during the Congressional ban. On Sunday, a key player in the Contra aid network, former US ambassador to Costa Rica Mr Lewis Tambs, said all his actions were taken on specific orders from Government officials in Washington. He cited an inter-agency group chaired by Mr Elliott Abrams, Assistant Secretary of State, and attended by a senior Central Intelligence Agency officer and Lt Col North. The allegations were denied

The Iran-Contra hearings are already putting pressure on the Rea-gan Administration to modify its support for the Contras in their armed struggle against the leftist Sandinista government in Nicara-gua. A key Congressional vote on whether to renew more than \$100m of military aid comes up in Septem-

Continued on Page 24 Richard Secord profile, Page 2;

UK foreign exchange reserves increase

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT IN LONDON

THE BRITISH Government will to- kets in April was on a scale roughly month, reflecting intervention by for 10 years. **m and long term de**bt of FFr | the Bank of England to put a brake

The news, which will come

against the background of a contincome on top of a 25,700 cut in the ued rise in the pound's value since workforce of the two groups over last week's ½ point cut in base rates last week's ½ point cut in base rates the last two years. Mr Mer said that | to 9½ per cent, is likely to intensify speculation that borrowing costs are set to fall again. Yesterday sterling benefitted

from a further fall in the value of the dollar, despite intervention by European central banks to support the US currency. It is believed that latest re

figures will indicate that Bank of

England intervention in the mar-

were blurred by the uncertainties of day publish figures showing an- comparable to that in March. In the international economic environ- other sharp increase in Britain's that month the reserves rose by an ment and by the weight of financial foreign exchange reserves last underlying \$1.8bn, the biggest jump

> The size of the intervention is understood to have been a key factor in the Bank of England's decision last week to sanction a cut in base

The Bank is cautious about further reductions in interest rates because of its concern about the domestic monetary outlook. Rapid growth in bank credit and the broad money supply measure, sterling M3, and steep rises in house and other asset prices are seen as signalling inflationary risks.

Against that, however, the Bank acknowledges that allowing sterling Continued on Page 24

"Regular revaluations of corporate property assets can be a deterrent to an unwanted bid and an essential for an agreed merger."



VALUERS OF COMMERCIAL PROPERTY ASSETS

CITY OF LONDON: 118 OLD BROAD STREET LONDON EC2N 1AR AMSTERDAM · BRUSSELS · GLASGOW · JERSEY · NEW YORK · PARIS

Japanes

car expo

to EEC

hit reco

By William Dawkins

JAPAN SHUPPED

JAPAN SHIPPED
381,200 cars to the 1
first quarter of thi
per cent more than
period in 1986, the
Commission said rest
The surge repri
delayed arrival in 1
shipments held back
by exporters under
stick to Tokyo's
promise to the con
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However, commiss
are not yet convince

are not yet convince explanation points t

temporary advance.
figures, from the
Antomobile Mar
Association, are exp

followed by a sharp Japanese new car re

This will open to recent insistence

shipments will be he

Brazilian calls grow for cut in Sarney's term

its second week.

At the same time, a group of five "rebel" state governors from the impoverished Northeast were holding talks in Recife on whether to withdraw their support from the administration of President Jose Samey.

The threat to reduce the President's mandate increased markedly last week after rows over ministerial changes. First. Mr Sarney's choice to replace Mr Dilson Funaro, his Finance Minister, was rejected by the PMDB leadership, undermining the president's authority.

Then, his appointment of Mr Joaquim Francisco, a member of the junior coalition partner, the proposed and senators to discuss a national PMDB convention to define the length of the president's Libert First.

Joaquim Francisco, a member of the junior coalition partner, the right-wing Liberal Front (PFL), as Interior Minister. provoked the North-easterners' after the constitution has been rebellion. Mr Miguel Arraes, the left-wing governor of Pernambuco, publicly declared his withdrawal of support from the government on the ground that a PFL minister would channel development aid and projects away from the PMDB.

Rivalries between the parties are fierce in the region and to a democratic alliance that allows the PFL seats in the region and to a democratic alliance that allows the PFL seats in the region and to a democratic alliance that allows the PFL seats in the region and to a democratic alliance that allows the PFL seats in the region and the region and to a democratic alliance that allows the PFL seats in the region and t

French farmers in the south-

EEC in a jam over

Spanish strawberries

THE European Commission official claimed last night.

found itself in a classic diplomatic jam yesterday thanks to better-than-expected straw-berry harvests in France and Spain.

Under the Accession Treaties governing Spain and Portugal, other member states are permitted during a transitional period to appeal to Brussels if

west are seeking EEC protection from the effects of large sudden and undexpected impact quantities of cheap Spanish strawberries which have been crossing the border in recent the issue last Thursday.

"We calculate that Spain's interim measure, called on the strawberry exports to France Spanish to impose restraintare up about 30 per cent in the last week or two," a French was heeded over the weekend

urged to focus on growth

LEADERS of Brazil's majority
Democratic Movement Party
(PMDB) met in Brasilia yesterday to discuss mounting pressure for direct presidential
elections early next year as
Brazil's political crisis entered
in Brasilia, several influential
problems are now openly
advocating a reduction in the
presidential term. Though this
is currently fixed at six years,
the second week taking Mr Sarney's mandate to 1990, Congress is empowered as a constitutional assembly to take

agricultural exports from the two Iberian markets have a

The EEC Commission, as an

are fierce in the region and domination of Sudene, the federal development agency run by the Interior Ministry, is four, five or six-year term.

TUAC represents 60m workers in industrialised

Next week's meeting of economic and finance minis-ters had been planned to focus on agricultural subsidies. But the falling dollar, rising interest rates in the US and weaker growth in output outside the US have international economie co-operation back at the top of the agenda.

for stronger commitments from Japan and West Ger-many on closer co-ordination of policies to prevent a sliding dollar and rising US interest rates from tipping the world economy into recession.

OECD

EMPLOYERS and trade unions in industrialised nations have voiced concern at the slowdown in world economic growth and urged governments to re-establish higher growth and full employment as a key priority. Their appreach to the

Organisation for Economic Co-operation and Development coincides with a move by the Paris-based grouping of industrialised nations to revise down its forecast of economic growth this year.

The OECD now expects the economies of its 24-member states to grow by around 21 per cent this year against the 21 per cent it was forecasting last December.

In a letter to Mr Jean-Claude Paye, OECD secretary-general, the business and union leader highlight three demands: governments should set in place policies that raise the growth rates of their economies above 3 per cent, rapidly increase employment and restore the manufactur-ing base of their economies.

The letter, from the Trade Union Advisory Committee to the OECD (BUAC) and the Business and Industry Advisory Committee to the OECD (BIAC), comes prior to next week's OECD ministerial meeting in Paris.

BIAC is an umbrella organisation for industrial and employers' groups, while TUAC represents 60m

The US is expected to press

David Housego examines the restructuring of Usinor and Sacilor

French steel chief given free hand

that he has been given a freer hand than had been expected in a year preceding a presiden-tial election.

A further 16,000-17,000 jobs are to go over the coming 15 months—the equivalent of 18 per cent of the workforce—thus reducing the group pay roll to 73,000. This is not substantially below the 20,000 being nervously mentioned in government circles a few myith the ton tier of Comgovernment circles a few months ago, Mr Mer also made clear

main query over ment was whether he would be given the political go-ahead to given the political go-ahead to carry through the potentially explosive cuts in capacity and manpower needed to make the manpower needed to make the

there will be profit

Mer's strategy is thus to catch up with the top tier of Com-munity steelmakers in terms of Mr Mer also made clear yesterday that he believed the European Community would have to cut capacity further if prices were not to be further depressed—and that by implication France was ready to bear its share.

Competitiveness that he has already done so in terms of hotorolled coil by comparison with British Steel: in Dunkerque and Fos, France has two of Europe's most modern integrated steel mills.

But he is cautious in transmit in the

France now seems prepared to reduce its hot-rolled capacity by a fifth or 2m tonnes as part costs of French steel making

WHEN Mr Francis Mer took over the running of the two french state-owned steel groups in the autumn last year, the main query over his appointment was whether he would be given the political go-ahead to carry through the potentially explosive cuts in capacity and manpower needed to make the industry competitive.

The answer that emerged yesterday with the publication of the 1986 accounts of Usinor and Sacilor, and from the first public statements of Mr Mer is that he has been given a freer hand than had been expected to the two groups could be back in the black by 1989.

Mer is cautious on that the profit that the p which on a medium and long-term debt of almost FFr 30bn last year amounts to 5 per cent of turnover. By comparison, British Steel has financial charges equivalent to less than

2 per cent.

Hence Mr Mer's proposals yesterday that the European Commission should in future allow governments to help steel makers with restructuring costs through aid for the creation of jobs for those displaced by steel redundancies. Beyond that, Mr Mer hopes that it can put the steel industry back on its feet, then he can persuade the French Government to wipe off some of its long-term debt and reduce its financial charges.

The advantage in planning that he has over his predecessors in the French steel industry it to be at the head of both

now to be consolidated by the formal merger of the two com-panies which will now be run by a single holding group.

Much of the footwork for this had been done through the link-ing of different divisions. But the formal merger will make it

much easier to take a more overall view.

The immediate advantages that emerged from this yester-

Immediate gain is that investment will be slimmer

day were a slimmer investment cay were a slimmer investment programme—in contrast to the rivalry between the two groups that led to a duplication of investment in the past. Usinor-Sacilor will thus be investing about FFr 3bn a year over the coming years in contrast to an average FFr 4.5bn from 1984 to 1986.

Also in an effort to improve its financial position, the group will co-ordinate plans to sell and industry that the private shareholders into its profitable subsidiaries. Among subsidiaries in which shares will be offered to the public more widely or for the first time are Nozal and IMS, both steel trading commence and shimments characters. off assets and to bring more of an overall Community roll-into forecasts on when the try is to be at the head of both steel trading companies, and back to remove the 15m excess industry will show a profit. He companies. Retroactively from Imphy, a former Creusot-Loire in the sector. It would do so would go no further yesterday January 1, this advantage is subsidiary.

Yet commission o mate that, even if Ji shipments stagnated of the year, the 1987 come out at between 80,000 vehicles shead vious year's 1.1m. In a separate mov an Italian car and t butor yesterday la court appeal against sion decision to allo impose tough contr ports of Japanese mercial vehicles.

> FINANCIAL T FINANCIAL TI
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Lionel Barber profiles a key figure in the US arms scandal

War veteran courts danger over Irangate

RICHARD SECORD, the retired air force major general scheduled to be the first witness in the Iran-Contra harings which open today, is a 55-year-old former Vietnam combat pilot who has spent almost half his life engaged in covert operations. A short, squar figure with an explosive temper, he is one of a handful of figures intimately involved in both aspects of the Iran-Contra affair: the secret US arms shipments to Iran and the private aid network for the Second may have felt little was the private aid network for the second, more intriguing to limited immunity. Why the change of limited immunity. Why the change of mind?

Shah of Iran on how to build insure on the second to be on a fast track to the top until 1981 when newspaper and television revelations linked him to the immunity to his business partone evelations linked him to the immunity to his business partone evelations linked him to the immunity to his business partone evelations linked him to the immunity to his business partone evelations linked him to the immunity to his business partone evelations linked him to the immunity to his business partone evelations linked him to the immunity to his business partone evelations linked him to the immunity to his business partone evelations linked him to the immunity to his business partone everlations linked him to the immunity to his business partone everlations linked him to the immunity to his business partone everlations linked him to the immunity to his business partone everlations linked him to the immunity to his business partone everlations linked him to the immunity to his business partone everlations linked him to the immunity to his business partone everlations linked him to the immunity to his air force.

He seemed to be on a fast to to the top until 1981 to the second his air force.

He seemed to be on a fast to to the top until 1981 to the top u

the private aid network for the Nicaraguan Contra rebels. His

A second, more intriguing theory lies in his defiant character. After graduating from West Point in 1955, he Nicaraguan Contra rebels. His from West Point in 1955, he testimony could be crucial to prising open the scandal.

Until recently, Mr Secord, during his military career, He now an international arms dealer, had remained stlent, invoking his fifth amendment helped the CIA conduct its rights against self incrimination. Now he is willing to testify before Congress even mid-1960s; and he advised the

socially, flew his aircraft, and sold him a house. He was also a member of a CIA old boys' network of Wilson acquaint-

Mr Hakim—was also linked to Wilson, though Mr Secord has denied this.
Mr Secord knew Col Oliver North, the sacked National Security Council aide, through their joint successful effort to lobby Congress to approve the sale of the Regime Aware in the Second Secon

ances who excelled at exploiting former public service for
private profit, often in the
international arms business.

Mr Frank Carlucci, then
deputy Defence Secretary, and
now President Reagan's National Security Adviser, offered to
lift his suspension in 1983, but

ENERGY IS OUR BUSINESS

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Itcanimproveproductqualityand and often pays for itself within two years.

Natural gas. It was made modern industry. Ignoring it co your company dearly.

panese

W May a long

And the second of the second o

The state of the s

nuclear forces (LRINF) in Europe.

Mr Kohl's nervousness may have been increased by views left after any INF deal.

Within the French military leadership that the latest the large amount of Western Moscow arms proposals could be a ploy to de-nuclearise remain in Europe after INF Europe and so expose West abolition—including the British Germany to far superior Soviet and French independent determents as well as to the shortest-range well as to the short

Eregli fron and steel plant.

ownership of the Public Particl-

the first time it has been carried

Petkim, a large state petro-chemicals plant at Aliaga near already quoted. Irmir, is to be transferred to the Two months at

BY DAVID BARCHARD IN ANKARA

ment's painful state of in-reduced majority in January's decision over the latest Soviet general elections, is torn in proposals to reduce nuclear several different directions by proposals to reduce nuclear several different directions by missiles in Europe seems to have been accentuated by discussions between Bonn and nuclear forces (SRINF).

Paris.

Mr Helmut Kohl, the West
German Chancellor, repeated
after talks with Mr Jacques
Chirac, the French Prime
Minister, in Strasbourg on Sunday that Bonn would be taking its time before making up its mantle European missles of between 500 and 1,000 km

nuclear forces (SRINF).

He has to balance the electoral disarmament pledges of his Christian Democratic increasing protests of right-wing supporters that full-scale INF dismantling could be militarily dangerous.

Mr Kohl's willingness to beed the right of his party has laid him open to politic scare from

mantle European missiles of between 500 and 1,000 km range.

This would be in addition to scrapping missiles of 1,000 to 5,000 km range under the superpowers' zero-option for longer-range intermediate nuclear forces (LRINE) in Europe.

Mr Kohl's willingness to heed the right of his party has laid him open to polite scorn from US officials in recent days. Washington accepts that West Germany's geographical position makes it particularly vulnerable to the Warsaw under the Stories of the Stories of

Mr Kohl, whose leadership West Germany—would hardly has been distinctly lack-lustre add up to de-nuclearisation. And

will be the selling on the Istanbul Stock Exchange of Gov-

ernment stakes in companies

Two months ago the Govern-ment said it would sell its

Turkey announces plans for

privatisation of companies

TURKEY yesterday announced pany, and a similar corporation

proposals for privatisation, which is expected to begin at the end of the summer. Officials warned, however, that it would take several years to complete.

First, the Government is to sell its stake in 22 private companies. These include some of Turkey's best-known industrial names, including Arcelik, the white goods producer, Todas, the Turkish subsidiary of Fiat, Turk Kablo, and the Black Sea-based Eregli iron and steel plant.

pations Fund. This is the first stakes in the local subsidiaries stage laid down in the legal proof Northern Telecom and ITT, cess for privatisation and will be Netas and Teletas.

he first time it has been carried

There is some surprise that

Petkim has been selected for
A fund official said yesterday privatisation now. It has been

he expected the transfer to take struggling in the past year to place in the next few days or adjust to changed market conditions having been conceived and

privatised will include Usas, the of the Turkish economy began Turkish airport services com- under Mr Turgut Ozal.

eeks.
tions having been conceived and
Other state corporations to be built before the liberalisation



The W German Chancellor faces a balancing act, reports David Marsh

Kohl refuses to be rushed into arms deal

Helmut Kohl: Torn in several

it points out that, having cam-paigned wholeheartedly for the zero-option in medium-range missiles since it came to power in 1982, the Kohl Government is likely to lose credibility if it places obstacles in the way of an accord just when the prize

Polish security

forces in clash

at Cathedral

PLAINCLOTHES

By Christopher Bobinski in

security men burst into the porch of Warsaw's St John's

cathedral on Sunday evening in a bid to grab Solidarity demon-strators sheltering there from riot police arrayed outside.

The incident came after a

service attended by several thousand people to com-memorate the anniversary of

Poland's first modern constitu-tion, passed in 1791.

The day has traditionally become a Solidarity rallying point, alongside May Day.

The plainclothes men used tear gas and exchanged blows with the mainly young demonstrators for account of the statement of the s

after a rally called there by the nationalist Confederation for an Independent Poland group.

ment on Thursday on the latest arsenals in both long and shortarms proposals is not likely to
clear up the ambiguities in
Bonn's approach. The Chancellor, who has justified his hesitation on the grounds that Moscow
has not yet detailed its latest
deas on an INF treaty, is
expected at least to lay down
the discoverance conditions
arsenals in both long and shortrange missiles.
Right-wing politicians, led by
Mr Alfred Dregger, parliament
tary floor leader of the CDU
and its Bavarian Christian
between the discoverance to
sometime of the condition
long and shortrange missiles. tion on the grounds that Moscow has not yet detailed its latest ideas on an INF treaty, is expected at least to lay down the disarmament conditions which could be unacceptable to

The points that Bonn rejects include introducing into the INF talks the 72 740 km-range pershing missiles stationed in West Germany which are owned by the German Air Force, with the nuclear warheads supplied by the US. Bonn has had pre-liminary talks with the US about modernising these weapons from the beginning of the 1990s. Meanwhile, Mr Kohl's centre-richt coulities, has had another

Mr Kohl's address to parlia- powers' European nuclear ment on Thursday on the latest arsenals in both long and short-

under 500km range, as well as in the conventional and chemical area. This must be the

condition, Mr Dregger says, for disarmament in missiles of more than 500 km range. Mr Franz Joself Strauss, the

CSU leader, has resurrected his old idea of a joint west European nuclear deterrent, linking Bonn with London and Paris. In the past few years of dis-armament negotiations, Bonn's Allies have become used to West Germany's special and fluctuating sensitivities about becoming a battlefield for either

right coalition has had another opportunity to indulge in public squabbling, with differences over the arms issue hardening of the coming a battlefield for either in Europe. This time, however, in the past few days.

The junior coalition partner, the Free Democratic Party (FDP), has lined up behind Mr Hans-Dietrich Genscher, the long-serving FDP Foreign tory, explaining why Mr Kohl's Minister, in backing proposals for dismantling the super-

Italian voters 'hope for renewed five-party rule'

BY JOHN WYLES IN ROME

a newspaper opinion poll.
Published at the weekend by

the La Republica newspaper, the telephone-conducted poli appears to carry more comfort for Mr Bettino Craxi's Socialists and the other lay parties than for the two largest groups, the Christian Democrats and Com-

With 54 per cent of the respondents hoping for a renewed five-party coalition, the poll suggests that Mr Craxi and Mr Giovanni Spadolini, the Republican Party leader, in-spire greater confidence as potential prime ministers than any other possible heads of government.

with the mainly young demon-strators for several minutes.

They dragged away some, but refrained from entering the main body of the church, where hundreds had sheltered, Earlier in the day riot police dispersed about 1,000 demon-strators in Krakow in the south Christian Democrat Party secre- in the elections.

A MAJORITY of Italian voters tary, that Mr Craxi is "untrust-hopes that the general elections worthy." About 29.8 per cent next month will lead to a rejudged Mr Craxi "most trust-incarnation of the five-party worthy" followed by 22.7 per cent for Mr Spadolini and 11.1 per cent for Mr De Mita, who a newspaper opinion poll. cent supporting Mr Alessandro Natta, the Communist Party

> Italian fatalism about the outcome of elections was reflected in the 71.3 per cent who did not believe that the impending poll would change the political balance. But a desire for more influence over the actual formation of govern-ments could be read into the 56 per cent who wanted to change the electoral system from proportional representa-tion to simple majorities.

Meanwhile, a potentially dangerous element for all the established parties was con-In particular, a substantial firmed at the weekend when a proportion of voters seems to conference of the Italian disagree with the judgment of environmental organisations Mr Ciriaco De Mita, the decided to run a "Green" list

US to table long-range missile proposals

By William Dullforce in Geneva

THE US will shortly present the Soviet Union with a draft treaty providing for a 50 per cent reduction in long-range strategic nuclear weapons, Mr Max Kampelman, the chief US negotiator in the Geneva arms control talks, said yesterday.

His counterpart, Mr Yuli Vorontsov, the deputy Soviet Foreign Minister, expressed a different emphasis on his arrival yesterday for the re-samption today of the bilateral talks. He was look-ing for a "full-fledged treaty on medium-range missiles."

In the past two months both sides have tabled texts of a treaty eliminating intermediate nuclear forces (INF) or medium-range (1,000 km to 5,000 km) missiles from Europe, with Moscow pressing for an accord this year.

To underline the urgnecy, the INF negotiators resumed talks on April 23, two weeks before the two other groups discussing strategic arms cuts and space defence.

But Mr Kampelman said yesterday that the target of a 50 per cent cut in strategic arms announced by President Ronald Reagan and Mr Mik-hall Gorbachev at their meeting in Reykjavik remained a top priority for the US.

He rejected as without foundation a charge made last week by Mr Alexei Obukhov, the Soviet INF negotiator, that the US had backed away from the Reykjavík agree-ment by insisting on "sub-limits" for ballistic missile

It is clear, however, that the main obstacle remains Soviet coupling of an agreem strategic missiles with a US undertaking not to deploy new weapons in space under President Reagan's Strategic Defence Initiative (SDI). The US saw no reason to hold the strategic talks hostage to any other results in the arms talks, Mr Kampelman repeated yesterday.

Mr Maynard Glitman, the INF negotiator, emphasised that the US was more con-cerned about "getting it right" than about how long the talks on medium-range missiles took.

Syria and Iraq 'in talks over reconciliation'

BY RICHARD JOHNS IN AMMAN

PRESIDENT Hafez al-Assad of Vice-President Syria and Preident Saddam Hussein of Iraq—two bitter and apparently irreconciliable enemies—were reported yester-day to have held a secret meeting last week in what may signal an important move to heal divisions within the Arab world.

The meeting, supposedly con-The meeting, supposedly convened after joint talks with King Hussein of Jordan and Crown Prince Abdullah of Saudi Arabia, were reported yesterday by the Kuwaiti daily newspaper Al-Qabas, quoting a high-ranking Saudi official.

Jordanian officials, while denying a similar report in the Washington Post as "Press rumours" and asserting that they had no knowledge of such a meeting, conceded that King Hussein has probably been per-severing with efforts to recon-cile the two leaders in a bid to end Syrian support for Iran in the Gulf War.

The Jordanian monarch will Mr Zaid Rifal, Jordan's Prime his efforts to convene an inter-national peace conference on the Middle East.

King Hussein arranged a meeting last June between Middle East.

Khaddam of Syria and Mr Tariq Aziz, Iraq's Foreign Minister, but it was cancelled at the last minute after a Syrian statement praising the Iranian revolution. Al-Qabas said the meeting took place in the Al Jafra area near Jordan's border with Syria and Saudi Arabia and followed a visit by President Assad to Moscow.

Officials and diplomats in Amman believe Mr Assad may have come under strong pressure from Mr Mikhail Gorbachev, the Soviet leader to have talks with his arch-enemy and support the reunification of the Palestine Liberation Organisa-tion under Mr Yassir Arafat, its chairman and another sworn

In return, he is believed to have received a promise of substantial financial aid and Kremlin assent to a generous rescheduling of loans amounting to \$15bn (£9bn).

also want to achieve maximum Minister, reiterated at the week-backing in the Arab world for end an official denial of reports from Israel that agreement had been reached between the two countries over terms for an international conference on the

Algerian president meets Hassan over Sahara dispute

BY FRANCIS GHILES

PRESIDENT Chadli Bedjedid of Algeria and King Hassan of Morocco—at odds over the future of Western Sahara were meeting yesterday near the Moroccan town of Oujda under the aegis of King Fahd of Saudi Arabia.

The two last met in February the Western Sahara, a former Spanish colony, which was overrum by Morocco in 1975 and where guerrillas of the Polisario Front, backed by Algeria, have been fighting Moroccan troops

heavy fighting has flared since last February when Morocco started building a new line of defence which would stretch the kingdom to the south and thus deny Polisario access. Fear that the recent bout of 1983 in an attempt to settle fighting might engulf Maure-differences over the future of tania has increased tension. Yesterday's summit should defuse that even if it does not provide a solution to a problem which has split the Organisation

all progress towards north African unity.

Relations between the two

countries have been strained as

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OVERSEAS NEWS

American Airlines announces three new daily flights from Europe to America.

Zurich and Geneva to Chicago, Frankfurt to New York and Paris/Orly* to New York.

Taipei cuts shoe exports to stop US backlash

TAIWAN SHOEMAKERS are their exports in 1986. TAIWAN SHOEMAKERS are
to curb exports worldwide in
an attempt to defuse protectionist sentiments in the US.
But it is unclear when the restraints will begin or what range
of producets will be covered.
The Taiwan Footwear Manufacturers' The Taiwan Footwear manifacturers' Association voted overwhelmingly for the limits, which would set 1987 exports at last year's levels.

Taiwan exported more than \$3.2bn (£1.9bn) of shoes worldwide last year making footwear

wide last year, making footwear its third-largest export com-modity after electronics and garments. About \$2.20n-worth,

Officials of the footwear merce's trade committee, said association said details of the chamber would be likely limits remained to be worked to oppose quotas because out. Under basic guidelines of its traditional support for agreed last week, manufacturers the principles of free and fair trade agreed last week, manufacturers the pr would receive a quota based on trade.

Thus the decision favours the larger, longer-established manufacturers over newcomers, whose exports last year were crive up prices of shoes by removing smaller competitors— a point underlined by US retailers.

Taiwan's foreign trade board appears to have distanced itself from the proceedings. Mr Vin relatively small. It will also drive up prices of shoes by removing smaller competitors—
a point underlined by US retailers.

from the proceedings. Mr Vincent Siew, head of the board and Taiwan's chief trade nego-tiator, is said to be against the limits. Officials have said the board has yet to decide whether to the US, whose own footwear industry has lobbled long and hard for protection

To or more than 60 per cent, went to support the measure.

Mr Robert Parker, a Taipelindustry has lobbled long and hard for protection

American Chamber of Com-

SHIPPING REPORT

Surge in Mid-East tankers causes ripple in market

BY TERRY DODSWORTH, INDUSTRIAL EDITOR

A SPATE of Middle East shipments last week caused a flurry of interest in the tanker market. Elsewhere trade was quiet.

The surge was due mainly to an Iranian decision to step up liftings from Hormuz, with two ships taking off virtually half a million tops of crude oil.

Son. Shipbrokers believes that an additional build-up in demand will be required to push prices much higher.

Italian charterers paid worldscale 47½ for a 146,000 ton cargo and Worldscale 61 for a 90,000 ton unit, says Gibson. For a voyage to the US, million tons of crude oil.
Galbraith's, the London ship-broker, said rates amounted to Worldscale 27.5 for full options

Worldscale 31 for Singapore.

Demand for smaller 80,000ton units also sharpened over
the week, with 70,000 tons of
crude fixed at Worldscale 105

120,000 to 130,000 ton units. A
133,000-ton cargo from the east
Mediterranean to Trieste realised Worldscale 55, while two
120,000 units were chartered
for Italy at Worldscale 59 and

son. For a voyage to the Us, a 113,000-tonner was fixed at about Worldscale 60.

The Mediterranean market

to Western destinations. World-scale 29 for the Far East and Worldscale 31 for Singapore.

for a Mombasa destination 61.
and 96,000 tons to Taiwan at In the dry cargo market,
Worldscale 80.

Rates continued to be reasonably firm from West Africa,
with a sizeable amount of business. Nevertheless, E. A. Gibter the summer market.

World Economic Indicators

FOREIGN EXCHANGE RESERVES

		(US\$m)		
	Feb. 87	jan. 87	Dec. 86	Feb. 8£
US	17,959	17,982	17,328	14,283
јарап	46,963	46,693	37,657	23,193
Japan W. Germany	56,480	56,317	45,866	41,000
UK '	15,802	15,342	14,886	10,513
Italy	22.022	19,426	18,116	13,259
Belgium	4,951	4,957	4.630	4,122
Netherlands	10,005	10,19 9	9.583	9,495
	Jan. 87	Dec. 86	Nov. 86	jan. 86
France	26,728	28,428	28,222	23,836
			Sour	ce: IMF

-DAKS Simpson

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- Licensing DAKS clothing and accessories produced locally in major world markets
- Distribution The 'DAKS Companions'
- range of accessories Contract — Activon, suppliers of tailored clothing to Marks & Spencer
- Retailing Simpson Piccadilly, London's leading speciality store

eaning ope	waity start	
1987	1986	1986 (full year)
£'000	5,000	€,000
25,985	23,913	46,899
1,863	1,551	3,856
1,174	931	2,341
143	111	443
	1987 £'000 25,985 1,863 1,174	<u>ε'000</u> <u>ε'000</u> 25,965 23,913 1,863 1,551 1,174 931

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The Shareholders of SANDVIK AKTIEBOLAG

are hereby invited to attend the Annual General Meeting for 1987,

President Chissano visits London this week. Victor Mallet reports

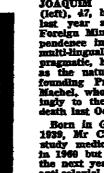
Mozambique looks west and east

THE DIPLOMATS at the British embassy on Vladlmir Lenin Avenue in Maputo are rather pleased. On his first trip outside Africa as Mozambique's new President, Mr Joaquim Chissano is visiting Western, not eastern Europe, and going to see the Iron Lady, Mrs Thatcher, and the Oueen. It may be going too far to call his British tour, from tomorrow until Saturday, "a

Although Mozambique is a Marxist-Leninist state following independence from Portugal in 1975 and its buildings are still plastered with old-fashioned revolutionary slogans, the ruling Frelimo Party (the front for the Liberation of Mozam-bique) has moved steadily Westwards over the past three years, first under the leader-ship of President Samora Machel, who was killed in an air

machel, who was knied in an an crash last October.

Members of the Government like to play down the significance of recent ideological shifts, but many have been disillusioned by the poor performance of the state-controlled sector of the economy and the failure of their Soviet-equipped army to defeat the rebels of the



JOAQUIM
(left), 47, became president
last year after serving as
Foreign Minister since independence in 1975. Urbane,
multi-lingual and politically
pragmatic, he was regarded
as the natural successor to
founding President Samera
Machel, who turned increasingly to the West until his
death last October.

Been in Gern province in

Born in Gaza province in 1939, Mr Chissano went to study medicine in Portugal in 1960 but left for France the next year to pursue his anti-colonial activities. He was a founder member of the Frelimo liberation movement -now the ruling party-

established in 1962, and was Prime Minister of the transional government in the sional government in the mine months before independence. He holds the military rank of Major-General.

Mr Machel was a joker, a pepulist who knew how to rouse an audience, while Mr Chissane is more of an intellectual. "I know my limitations," President of the Chissane says modesity. "So I have to take more of the contributions of my colleagues. We could see President Machel solving questions se quickly, while I have to take time to be sure. Probably that's the difference, which shows that he was brighter than me."

eastern Zimbabwe and the vatising state companies and number of pupils on the 12- hiving off state farms to the week courses is now being family sector.

Mr Chissano's explanation of

week courses is now being doubled to 120.

A private British defence company with a quiet nod of approval and weapons export licences from the British logical necessities. Portuguese owners fied in panic at independence and the state was half-a-dozen former members of the Special Air Service regiment to train a Mozambican elite force which will guard the railway from Malawi to the railway from Malawi to the northern port of Nacala.

army to dereat the redeis of the Mozambique National Resisting improved counter-insurgency ance (MNR). The guerrilla tactics will succeed where 800 war, sponsored by neighbouring Soviet advisers and an array South Africa, has wrecked the economy and put a quarter of the population of 14m at risk from stargetics.

elite force which will guard the allway from Malawi to the corthern port of Nacala.

The Mozambicans hope that mproved counter-insurgency reistance (to privatisation) actics will succeed where 800 from some civil servants who said that people should not open shops because they would become exploiters, capitalists

expects his country to attend as a guest the next common-wealth summit in Vancouver in October. It is unlikely that Mozambique, a Portuguese-speaking country, would become a full member, although it is not a possibility which Mr Chis-sano rejects out of hand.

Mozambique depends for it survival on emergency food aid and on other forms of assistance, but cherishes its political independence. It has refused to allow the Soviet Union to set up military bases and will want to become no more beholden to the West than it is to the East.

The US Administration, ham-pered by right-wingers in Con-gress who want to support the MNR, sees a chance to make a the population of 14m at risk from starvation.

During his visit Mr Chissano will be seeking increased military aid from Britain for Mozambique's ill-disciplined army. Since the beginning of last year British officers have been training Mozambicans in national Monetary Fund, pri-

Nakasone trip to US draws mixed reviews

THE OFFICIAL visit of the fall, welcomed what it saw as Japanese Prime Minister, Mr a commitment by President The was this statement that was Yasuhiro Nakasone, to Washington last week has drawn mixed reviews in Japan. A central bank official said tinuing rise of the yen. Mr Reaction has been muted, how the portion of last Friday's joint tinuing rise of the yen. Mr Reaction has been muted, how the portion of last Friday's joint tinuing rise of the yen. Mr Reaction has been muted, how the portion of last Friday's joint tinuing rise of the yen. Mr Reaction has been muted, how the portion of last Friday's joint tinuing rise of the yen. Mr Reaction has been muted, how the portion of last Friday's joint tinuing rise of the yen. Mr Reaction has been fall, welcomed what it saw as growth in their economies." ever, because of a long holiday weekend that ends tonight. Government and business leaders were relieved that some commitment was won from the US to try to stop the dollar's

But opposition political parties regretted that no specific measures were agreed to solve the exchange rate and trade

problems.
The Bank of Japan, which has bought about \$50bn (£30.3bn) in recent weeks in an attempt to stem the dollar's their mutual efforts for stronger exchange rate stabilisation was the mist had risen.

the portion of last Friday's joint statement by Mr Reagan and Mr Nakasone concerning exchange rates was the result of a compromise. The Japanese exchange rates was the result of a compromise. The Japanese side had to agree to the inclusion of a phrase noting the Japanese Government's commitment to "take extraordinary action" to stimulate domestic economic growth, including encouraging a reduction in short-term interest rates.

In return, the US agreed that agreed that "a further decline in the dollar state made to shoulder heavy but the two countries and it seemed unlikely that the visit had done anything to stem the cooling of that relationship recently. The Yomiuri Shimbun, Japan's largest newspaper and one sympathetic to Mr Nakasone, welcomed the "awareness of the crisis at hand "expressed in the two leaders' joint statemant to prevent the story countries and it seemed unlikely that the visit had done anything to stem the cooling of that relationship recently.

The Japan's Socialist Party, Japan's largest newspaper and one sympathetic to Mr Nakasone, welcomed the "awareness of the crisis at hand "expressed in the two leaders' joint statemant to prevent the agreement to prevent the cooling of that relationship the agreement to prevent the paper and one sympathetic to Mr Nakasone, welcomed the "awareness of the crisis at hand "expressed in the two leaders' joint statemant to prevent the story to cooling of that relationship the agreement to prevent the two countries and it seemed unlikely that the visit had done anything to stem the cooling of that relationship the agreement to prevent the produced in the visit had done anything to stem the cooling of that relationship the agreement to prevent the cooling of that the visit had done anything to stem the visit had done anything to stem the visit had done anything to stem the cooling of that relationship the cooling of that the visit had done anything to stem the cooling of that relationship the cooling of that relationship the cooling of the

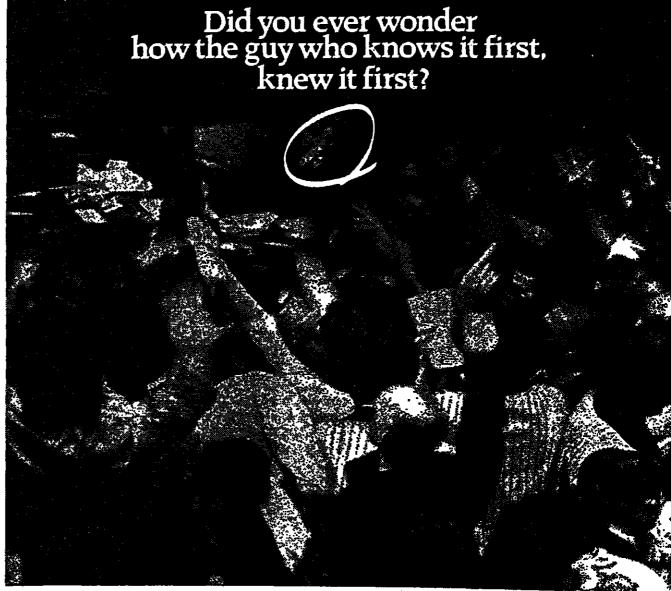
could be counter-productive to dens and that the

Japan Federation of Economic Organisations (Keidanren), said the official visit had produced

In return, the US agreed that party, said Japan and occupied ment, but was also sceptical a further decline in the dollar made to shoulder heavy burment, but was also sceptical about Mr Nakasone's claim that

"extremely abstract," containing no indication of what should be done to achieve stability.

Newspapers have been scep-tical. The Majnichi Shimbun said the important thing was the long-term relationship between the two countries and



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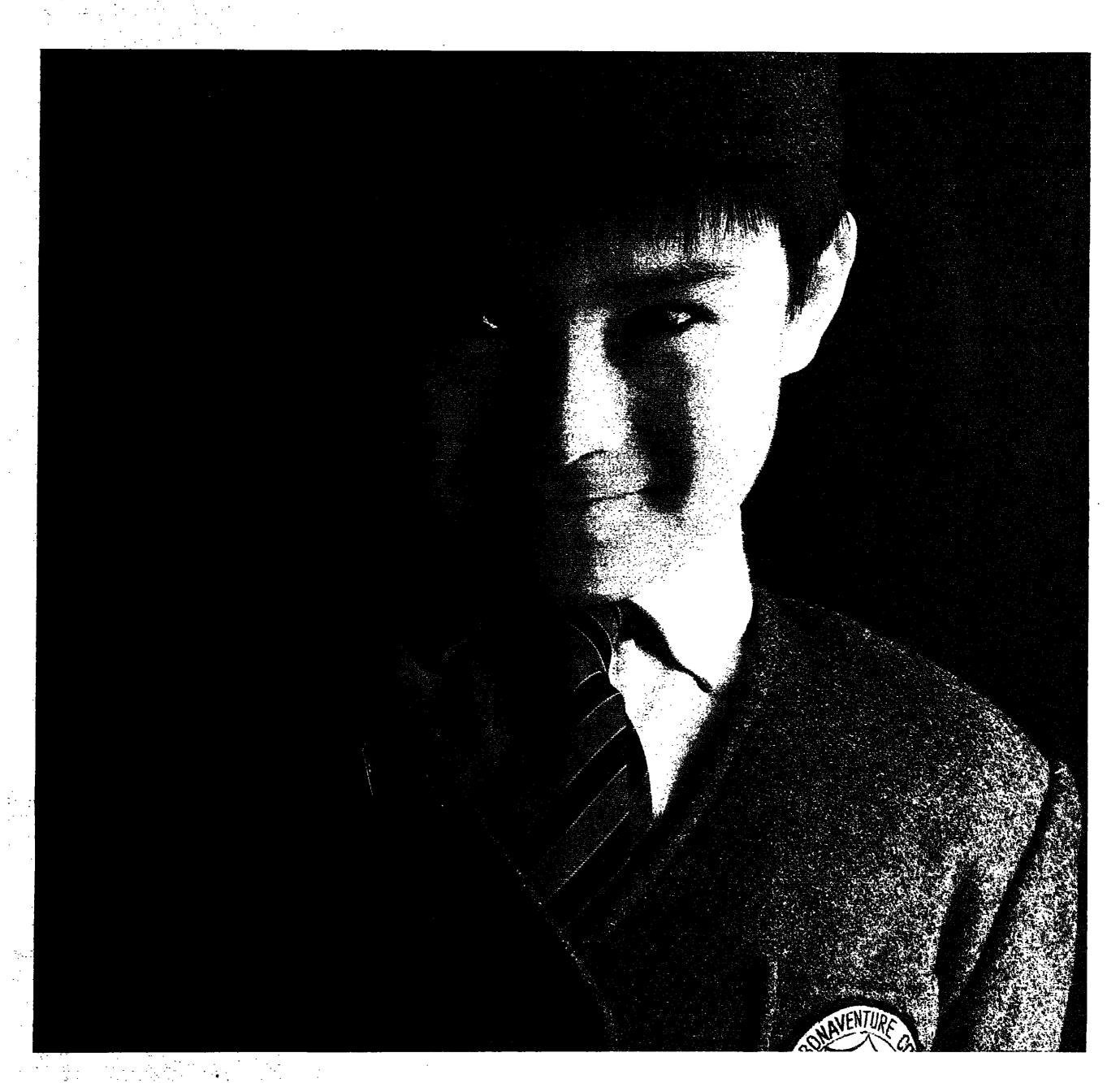
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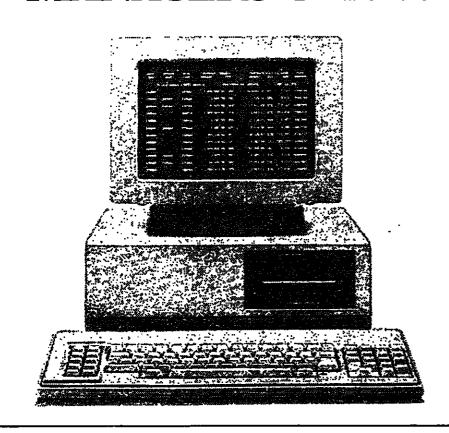
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Business title	
Business name and address	
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WHAT CAN OUR HIGH TECH **BANK MANAGERS** MANAGERS CAN'T?



ay May 5 1987

conditions for balance of pay-ments support and infra-structure loans under a new Egypt does not wish to repeat reform plan.

The authorities introduced energy price increases from May 1 of 60-85 per cent for fuel oil, kerosene, diesel and gas oil, but these items are still being sold at a fraction of world

directives that will allow them to trade at a new rate that will more closely reflect the real value of the Egyptian pound against foreign currencies.

against foreign currencies.

Egypt and the IMF have Egyptians working in the Gulf. But for the present, the authorition of exchange rate reform ties recognise that an attempt tion of exchange rate reform ties recognise that an attempt over 18 months. The first step to close them down would be is to allow banks to compete counter-productive. freely in the market for foreign

The Egyptian pound has been held at an unrealistic level against foreign currencies, ate the new foreign exchange leaving a wide margin between system. A general manager of official and unofficial rates the bank will oversee its operthereby encouraging a booming ations.

day by trading banks, to match that available in the market. Otherwise, they say, the new arrangement, which is aimed at drawing funds into the banking system, will be doomed.

The central bank, which will about E£2.35 to the dollar to about E£2.10 to the dollar.

EGYPT has taken the first steps not be involved in setting the towards satisfying International "free" market rate of the Monetary Fund and World Bank pound each day, is proceeding

Egypt does not wish to repeat the fiasco of January 1985 when ill-considered exchange reforms caused a crisis and helped bring about the downfall of the then minister of economy.

This time, unofficial dealers,

who trade in \$2bn.\$3bn each year, will be able to continue Banks this week are awaiting plan to squeeze these operators out just yet, according to well-placed banking source. An eventual aim may be to license dealers who maintain

An operations room is being established in Banque Misr, one of the four big public sector commercial banks, to co-ordinate the new foreign exchange

"grey" market.

Bankers expect the new rate of the Egyptian pound, set each day by trading banks, to match that available in the market, the new "free" market rate

Independence Day celebrations in Jericho

Defiant Israeli right on the march

ISRAEL yesterday began its 40th year as an independent state, trou-bled and divided over what some are saying is an historic chance for peace with the country's Arab neighbours.
Most Israelis took to the roads, to

go to the beach and parks, to picnic and barbecue. The more energetic went to a big airshow at Ben Gurion Airport, where the new Levi combat aircraft was put through its

For the political right, though, it was a day to wave the blue and white Israeli flag defiantly in the occupied Arab territories. With Mr Shimon Peres, the Labour Foreign Minister, pressing hard over the proposed international peace conrence, it was a golden opportunity for fiery speeches along predictable no surrender" and "not one inch

will we cede" lines. Prime Minister Yitzhak Shamir at their head, the Likkud chose to celebrate Independence Day in Ariel, largest of the West Bank Jewish settlements. More provocatively, Gush Emunim, the militant set-tiers' movement known as the Bloc of the Faithful' organised a mass march through the ancient city of

Right-wing Israelis such as Mrs Daniella Yweiss, secretary-general of Gush Emmim, date back Jewish rights to Jericho - today a sleepy

With this part of the Rift valley frequently mentioned as an area which could be handed back to Am-

> stake Israel's claim to a permanent hold on the small Arab town. But Jericho, the world's oldest continually inhabited town, predates Joshua and the Israelites by a long way. Its "tel", the ancient mound where its first protecting walls were built, goes back to the eighth millenium BC. Nor are there

> number of violent incidents has lat-

terly been on the rise, Jericho has a

former Jewish presence.

the Israeli flag.

oasis near the Jordan river - and the time of the Prophet Joshua, 12 centuries before Christ, when the Israelites he led first took the town. "Jericho was very hard to conquer. We know that from Joshua," Mrs Yweiss shouted above the hubbub, as bus after bus disgorged supporters from all over Israel and the West Bank at the start of an eight mile symbolic march around

"And once Jericho gives in, the whole country is easy to conquer. It's a very important door to our

companies, or sogo shosha, Marubeni Corporation is moving

quickly to cope with the rapid change in the international business

poration and Chairman and Managing Director of Marubeni U.K.

country, which we have to keep reputation as a peaceful town where people keep their noses out of politics and trouble. Just in case, the army diverted the route of the merch away from the town centre.

man in the event of formal peace Watching the parade go past his with Jordan, Gush Emunim is even garden gate, an elderly Arab civil servant in the local administration more keen than ever these days to reflected on Mrs Yweiss's boastful statement that - contrary to the government's stated wishes - Gush unim would like to settle half a million Jews in and around Jericho.

"It's Ramadan," he said, referring to the Moslem holy month of prayer and fasting. I told the children not to cause any problems, to avoid breaking their heads and their famany traces left nowadays of the ther's heads."

As they set out from the dusty site of Herod the Great's once mag-nificent palace, the historic rights An unexpected ally came in the shape of an Israeli farmer, a settler himself. Watching his Arab labouror wrongs seemed to matter little to ers pick ripening tomatoes in the the thousands of marchers, Babes fields next to the march route, he said: "We have a beautiful relationin arms, automatic rifles on their shoulders, they retraced Joshua's ship with the Arabs here. This kind steps, clapping, singing and waving of thing makes for extremism on "It's a statement. We are saying

we have finally got this place back A farmer for the past five years and we're keeping it," said 18 year-old Lora Dukslaky from Chicago. in this front line settlement, Zohar Peled, went on: "I think most Israeli "We're walking even though there Jews, given the choice between peace and land, would choose are all those Arabs there."

Those Arabs were wisely keeping their heads down. Although the

That judgment may soon be put to the test, if Mr Peres has his way.

Six blacks killed in **S** African mine fights

SIX BLACK South African mineworkers were killed and 20 injured in faction fighting near a gold mine at the weekend, the mine's owners said yesterday, Reuter reports from Johannesburg.

A spokesman for the General Union Mining Corporation (Gencor) said the clashes, involving about 120 were apparentiv sparked by a brawl between two men over a woman. The incident took place

outside Evander, 75 miles east of Johanneshurg and close to the Kinross gold mine where 177 miners were killed last year in South Africa's worst gold mining

The spokesman said 20 people were in hospital in serious but not critical con-

Production at gold mines in the area had not been affected and calm had been restored, he said.

Most black mineworkers live in single-sex hostels and fights between rival groups have claimed scores of lives.

Police halt speech by Winnie Mandela

By Anthony Robinson is

DOZENS of students were arrested at Witwatersrand University yesterday after University yesterday after police entered the campus to break up a meeting to be addressed by Mrs Winnie Mandela, wife of jailed African National Congress leader Nelson Mandela.

Police banned the meeting to be a police banned the meeting and the meeting the state of the police banned the meeting that the police banned the meeting that the police is the police of the police of

only minutes before it was due to take place as Mrs Mandela was being escorted to the hall to address black and white

students. Mrs Mandela was due to speak on the state of the country two days before Wednesday's white-only election, which has been called a farce by black opposition groups. The ANC leadership in exile has called on whites to boycett called on whites to boycott.

Riot police surrounded the hall and then charged students after eye witnesses reported that a brick was thrown at them. As they entered the hall, police were met by a hail of insults and students chanting "ANC, ANC." Police confiscated film from press cameramen at the scene.

The meeting, organised by the National Union of Students and the Black Students Society, was strongly critisized by the con-servative National Students

ADVERTISEMENT

Karami offers to quit as Lebanese Premier

BY NORA BOUSTANY IN BEIRUT

LEBANON'S Prime Minister, Mr Rashid Karami, announced his resignation yesterday, citing criticism of him by political figures and frustration at futile efforts to reactivate

cabinet sessions.

Mr Karami said: "I am convinced that all that is happen-ing runs against the interests of the Lebanese and all of Lebanon. It has become a duty to take a stand that would be for the benefit of this country."

If his resignation is accepted, If his resignation is accepted, Lebanon's 10-man national unity cabinet would have to step down. The Cabinet has not been functioning for the last seven months, as Lebanon's economic crisis has worsened.

Mr Karami, a Sunni Moslem,

assumed his post on April 30, 1984, after the government of Chafiq Wazzan gave way to pressure from Syrian-backed factions opposed to the signing of an agreement calling for a phased Israeli withdrawal from South Johanne

The Christian militias have publicly pressed Mr Karami to resign after accusing him of boycotting Lebanese President Amin Gemayel and obstructing the normal process of government.

Mr Karami bas repeatedly offered to resign and retracted his offers in the last three years. The race for new presidential

Aquino attacks Pentagon for reducing military aid

PRESIDENT Corazon Aquino the criticism was an official yesterday attacked the US for statement. failing to comply with her rerailing to comply with her request for military helicopters to fight the country's Communist-led insurgents and for questioning the Philippines' ability to use the equipment.

Mrs Aquino was reacting to comments last week from Pentagon officials who criticised

the Philippine military's ability to use extra helicopters and service them. Last month visit-ing US congressmen said 10 guiship helicopters would be delivered in June, far short of the 45 extra machines that Mrs Aquino told air force officers esterday that she had asked

yesterday that she had asset the US to supply.

"Our principle military sup-plier [the US] should not expect our brave soldiers and dates in the armed forces is determined commanders to likely to be low, relative to the fight the insurgents with our rest of the country, because teeth and hands," Mrs Aquino many officers and men are un-

said. happy with The Pentagon has denied that insurgency.

Declaration of dividend

elections is about to begin as the term of President Gemayel ands in September next year.

BY RICHARD GOURLAY IN MANILA

Supporting her demand for more helicopters. Mrs Aquino highlighted two recent incidents in which major patrols against the New People's Army guer-rillas ended in rebel forces

escaping unscathed.

There is growing frustration in Manila that the US is failing to back its verbal support for the Government with military assistance. The US Congress last month cut military assistance to the Philippines by half, to \$50m (£30.3m) this year. Next week Mrs Aquino faces

an important test of her popu-larity in the first congressional and senatorial elections since she took office 15 months ago. Suport for her chosen candihappy with her handling of the

Egoli Consolidated Mines Limited

Notice is hereby given that a final dividend, being dividend No 13 of

7,5 cents per ordinary share, has been declared for the year ended 31 March 1987 for all ordinary shareholders registered in the books of

The register of members and transfer registers will be closed from

Dividend chaques will be posted on or about 19 June 1987. Non-

resident shareholders' text will be deducted at the rate of 15% from

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environment. Newly established telecommunications, aerospace, and capital markets divisions point the way to the future for the Capitalising on its traditional strengths, Marubeni Corporation is sure to make the change that all of Japan's giant sogo shosha are now grappling with, as they regroup for the new business environment, I spoke with the Director who just has been appointed the new General Manager for Europe and Africa of Marubeni Cor-

s one of Japan's biggest general trading

By Brian Robins



Mr. Mamoru Hashimoto, Chairman and Managing Director, Marubeni U.K. PLC

Challenging the Future

FOCUS ON INTERNATIONALISATION OF JAPANESE MANAGEMENT

Robins: As one of Japan's leading trading houses, what steps is Marubeni taking to cope with the more severe business environment?

PLC. Mamoru Hashimoto.

Hashimoto: As you can see, the situation surrounding Japan's trading companies is becoming very severe. So, we need to adopt new management programmes to cope. For Marubeni, we have set up the '21st Century Committee to meet the requirements of the future. During periods of rapid change, good business opportunities can also be found, so we have to create new functions within our company to take full advantage of the new opportunities as they arise, As a result, we feel that now is the best time to seek to enlarge our overall operations. In order to do so, we are seeking greater co-ordination of traditional businesses and new areas, including services. Here at the headquarters in Tokyo, we have just set up several new divisions—an informa-tion business and electronics division, an aerospace division, and also a leasing business division. Three or four years ago, we established a corporate development department which is now seeking how best to expand in areas such as new materials, advanced technologies and service industries.

We are also planning to move into the new area of so-called 'valueadded enhanced telecommunication services'. In addition to this, with the changing structure of world trade, we must also modify our existing operations. As one of Japan's largest sogo shosha, we used to handle many items. mainly exporting to underdeveloped countries. Now, we are shifting our trade mainly to developed countries and NIC's. We are very interested not only in simply buying and selling, but also in making investments and setting up joint ventures. These are the directions we are going to expand in. In addition, we have set up an overseas consulting team called MIDAS (Marubeni International Development Advisory Service). For the many Japanese companies wishing to set up an overseas joint venture, this team can

Financial liberalisation: New scope for growth

Liberalisation of the finance system also gives us additional scope for expansion. For example, we have inst established a foreign exchange and capital markets department. With our European operations, London is the centre. To increase our overall capabilities there, we opened an office in Geneva in 1984, and in order to participate in IC's (integrated circuits) and other high tech areas, we established an office in Munich, West Germany, in 1986. Marubeni UK is contributing to the follow-up and promotion of exports of UK industrial products to third countries, including Japan. Considering the situation today, with the high yen, it is easier now to promote exports from the UK to

Robins: Offshore trade has been a particular area of growth in recent years. Will it continue?

Hashimoto: Third country business over the past two to three years has grown by more than 10 per cent annually, and we are the second largest sogo shosha in this area. Number two always tries harder. We have 146 overseas branches in 82 countries. If we better co-ordinate the activities of those branch offices, we think we can promote offshore trade further still. Included in this area is also counter-purchase dealing. That is, countries wanting to buy foreign goods, but with insufficient foreign exchange. And often, many of the items they offer for export are not of very good quality. With these kinds of very difficult trading items, Japan's sogo shosha can handle this trade a little better than others. Even if these countries don't have sufficient foreign exchange, we can still sometimes do business with them. In the past we have bought from East Europe, and sold through department stores in Japan. Sometimes we make a loss, but in turn we can export and so ensure that we make an overall profit. So we should promote this kind of counterpurchase, further in the future.

Telecommunications: Key to the future

Robins: Marubeni is especially bullish on the potential of telecommunications. Could you please explain your abiding interests and which areas Marubeni is most optimistic about?

Hashimoto: There are basically two segments-telecommunications and information. We have almost completed all of the planning for these new areas. Already we are established in the information and electronics areas and in order to expand business activities we are now aligning part of the telecommunications department with our sales

department, so we will be able to concentrate on hardware and software jointly. With communications, there are two business areas we are interested in-the basic carrier service, and value added (VA) enhanced services. We now cover all of the basic carrier categories and we are seeking to emphasise VA enhanced services. In the basic carrier service area, we are participating in Teleway Japan, and in International Telecom Japan. In the value added area, we established Japan Voice Mail in 1984, International Voice Mail in 1985, Telecom International in 1985, and Network Information Service in 1986. In the network information service area we have a little over 30 per cent of Network Information Service Co. which is a joint venture with McDonnell Donglas. This company is to handle all international and domestic communication from autumn this year. With information systems, we have Marubeni Electronics Co, Marubeni Hi-tech Co, Marubeni Information Systems, Marubeni Information Service, Marubeni Software and Alice System. All of these companies are required to combine hardware and software. By doing so, all user requirements can be met. We expect this area to grow rapidly.

Trade mission for new investment

Robins: One area where Marubeni is becoming very active is factory planning, construction, and the like. I gather a mission is being organised to discuss new investment opportunities. Could you please

Hashimoto: The key to our activity in this area is that many Japanese companies are considering overseas investment for new production, but they are unsure of which country to invest in. Marubeni has a great deal of ex-

perience in almost every country, and we can provide detailed information on wages, taxes, duties, and so on, to companies wishing to invest offshore. With our experience, we can recommend reliable partners. We can also help with the financing, plant construction, the start-up of production and sales networks. So we can help in all areas, from the initial decision to move offshore, through the start of sales. To meet our clients needs, we set up a new team specialising in this field, providing a consulting function

to clients. In the UK, for example, we established the Japan Investment Promotion Team for this purpose, which is the counterpart for the Tokyo-based MIDAS Team. Through this new team, we are trying to help Japanese companies that wish to establish new plants in the UK. As part of this, we are organising a mission to visit both the UK and Ireland. When we talk about the mission, the majority of members will be manufacturers who wish to set up in the UK. As part of this, we are planning to hold a seminar to give a full explanation to comnies in Japan in May of this year. Over 300 companies will take part.

Robins: As a sogo shosha, Marubeni is closely involved with developments in capital markets worldwide. Is the group studying any specific areas where it may participate directly in the future? Hashimoto: This is one of the

most important areas for us, and we

intend to make our capital markets

division one of the key divisions of the company for the future. For example, recently we changed our internal controls giving each overseas branch more authority to handle securities, bonds, foreign currency dealing and leasing transactions. Each branch has had limited freedom previously, but we are now trying to give more authority and power to branch managers. While I was in Hong Kong, for example, we made a 10 per cent investment in a newly established securities company last November. It is now three times more active than we expected. Because of restrictions in Japan, Marubeni can't do this sort of thing. We also have to take more risks as part of the overall expansion of our financing operations. As I said earlier, we set up the new foreign exchange and capital markets division. We have also increased the capital base of Marubeni International Finance in London to \$20 million, from \$3 million, and we

established Maruheni Finance NV. in the Netherland Antilles. As you can see, we have become much more aggressive in this area.

New push to boost European exports

Robins: From your stay in Hong Kong, what experience was gained that will be beneficial to your new posting as the Chairman of Marubeni

Hashimoto: While I was in Hong Kong, we invested directly in property for the first time, and established a number of new joint ventures, some in China as well. We also moved into the construction area. Marubeni, for example, is part of the successful consortium that is building the second tunnel crossing in Hong Kong. From the expansion into various new businesses in Hong Kong, Marubeni may become active in making new investments in Europe, and in promoting exports from countries

such as the UK. I have visited Europe often, but this will be the first time to live there, so I am looking forward to the challenge. I am sure we can contribute to the countries, to promote European exports. My first activity will certainly be to investigate opportunities in the UK, and secondly, in Italy and France. In the latter two, mainly for fashion items. Many fashion items from Italy are popular in Japan because high fashion items appeal to Japanese. Also, I'm told that France's high technology is well developed. I don't know, but I will check. Wherever I go, I try to leave my footprint, I don't want to just sit and be quiet. I always ask my colleagues, what they have created, what they have done. You have to leave a footprint, so that those who follow you know that you have been there.

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Banco Hispano Americano (BANCO HISPANO AMERICANO S.A. FINANCIAL HIGHLIGHTS (In millions of pesetas) YEAR. END 1986 1985 INCREASE % 89,370 47.6 Capital base* 131,889 3.3 2,108,494 2,040,388 Total assets

CONSOL	IDATED FINAN	VCE GROUP	
FINANCIAL HIGHLIG	GHTS	(In m	ilions of pesetas
	YEA	R END	
	1986	1985	INCREASE 9
Capital base *	150,561	103, 152	46.0
Total assets	2,980,587	2,964,243	1.0
Operating margin	149,817	121,347	23.1
Total funds generated	76,947	57,904	32.9
Pre-tax profit	22,172	13,245	67.4

108.339

54,419

91,751

41,972

8,248

18.1

29.7

57.9

Operating margin

Pre-tax profit

Total funds generated

Companies increase overseas investment

Financial Times Reported

BRITAIN'S TOP 40 manufacturing companies have increased their overseas investment and foreign-based workforces since the Prime Minister, Mrs Margaret Thatcher, took office in 1979, a survey by La-bour Research discloses today. The organisation, a trade union

financed body not connected with the Labour Party, claims the spend-ing overseas has been at the expense of the home-based workforce.

The shift has not been mainly to low-wage countries, but to those

with expanding economies in North America and western Europe.

Labour Research claims the top 40 manufacturing companies be-tween 1979 and 1988 increased their foreign-based workforces by about 15 per cent to 125,000. At the same time they cut their British employment by about 25 per cent to

The chemical giant ICI now employs more people outside Britain the survey claims. In 1979 it employed 40 per cent of its workforce overseas, by last year the figure was 54 per cent

Cadbury Schweppes increased the proportion of its work force based overseas from 29 per cent to 45 per cent and GKN,

The survey quotes the glass manutacturer Pilkington for reasons given for investing in North America and western Europe. The company's overseas employment accounted for 63 per cent of its total in 1986, compared with 34 per cent in 1979. Pilkington has said: "Through strategic investment in Europe and in the US, Pilkington has broadened the geographical base of its business, thus substantially reducing cyclical influences and improv-ing the quality of its earnings."

Government set to limit defence research cash

BY DAVID BUCHAN, DEFENCE CORRESPONDENT

ment) to be published tomarrow.

The move, entailing a slight decline in real terms in defence R & D in 1987-88, is a rewponse to growing criticism in recent years that Britain misdirects too high a share of research money into defence, and reflects Cabinet committee propos-

The Ministry of Defence (MoD) has already announced that its R & D spending will total £2.35bn in 1987-88, or 12.49 per cent of an overall £18.78bn defence budget compared with £2.34hm spent on mili-tary R & D last year (12.56 per cent of a £18.65m defence budget).

The effect in future years of the new constraint on the rate of increase in military R & D spending will depend on the present Conservative government winning the next general election.

But the move reflects a fairly

THE GOVERNMENT is expected to product and three per cent of excautious response to new US pro-

announce a ceiling on future growth in military research and development (R & D) spending in its defence white paper (policy document) to be published bonorrow.

The more existing a reallocation of government research funding are West Germany and Japan. Less than 5 Germany and Japan. Less than 5 per cent of total West German research funding goes into defence, and less than I per cent in the case of Japan, whereas more than a of Japan, whereas more than a quarter of all UK R & D funding (government and private) goes into making weaponry.

This share is broadly similar to that in the US and France, which,

reflects Cabinet commutee proposals in recent months that the civil sector should benefit more from that in the US and France, which, like Britain, are also nuclear weapon states.

The main impact of the new policy will bear on the advanced re-search, amounting to £398m last year, carried out by the 25,000 scientists and technicians working velopment, mainly by private industry, of specific weapons declared necessary for the UK services would still be funded as fully as be-

widespread feeling that Britain has results of the new, more parsimoning more than half its total spending could be seen in the Gov.

wider share-out of limited state research funding, particularly in view of recent military R & D economies.

The MoD has also tried to encourfruits of its R & D, particularly with a joint MoD private-sector initiative in 1985 creating Defence Technology Entreprises (DTE)

This organisation has direct in MoD research establishments. access to a number of MoD re-MoD officials said yesterday the de-search establishments and a brief

would still be funded as fully as be-fore.

However, the officials said some Tomorrow's White Paper is, gen-erally, not expected to contain many surprises, with the Governgovernment R & D funding into the defence sector which accounts for around 6 per cent of gross domestic

Property taxes switch 'poison' for Tories in local elections

BY JOHN HUNT

THE GOVERNMENTS proposed the personal financial benefits that £568 each for herself and her huspresent rates (local property tax) Thatcher, Prime Minister, and oth-system - the so-called poll tax - is er ministers under the new system proving "poison" to the Conserva- compared with the present method tives' chances in the local govern- of rating.
ment elections Mr Jack Straw, La- Mr Straw estimated that Conserment elections Mr Jack Straw, La-Mr Straw estimated that Conser-Mr Whitty said the party had last bour's local government spokes-vative Cabinet ministers stand to week approved a £3.5m campaign man, said yesterday.

voting takes place next Thursday. extra £10 a week. According to Mr Straw, evidence from canvassers shows that the be £1.931 a year, or £37.13 a week, property value, is proving extreme moment, he said, she would pay ly unpopular with electors, perticu- £3.067 in rates compared with

community charge to replace the would accrue to Mrs Margaret band.

pan, said yesterday.

gain an average of £40 a week unfor the general election.

He was speaking at a press conder the community charge whereas

Mr David Steel, the L ference assessing the progress of a three-adult household in Barns-the local election campaign where ley, South Yorkshire would pay an

He said that Mrs Thatcher would larly among young people. £1,136 under the community

He gave a list of figures showing charge. The new charge would be

A statement by the party denied weekend reports that some trade unions were refusing to contribute towards its general election fund. Mr David Steel, the Liberal lead-

er, yesterday claimed that the Labour Party was "riven by internal strife and widely pilloried for its appalling record in local government." He claimed that the Alliance was community charge, which is as- better off on her retirement home the main challenger to the Tories in sessed for each adult rather than on in Dulwich in South London. At the most English constituencies and was poised to gain several Labour

Campaign trail, Page 11

Barclays signs deal with estate agency

By Hugo Dixon

BARCLAYS BANK became the latest financial institution to move into estate agency when it signed a £375,000 agreement to sell financial services through the branches of a leading group of independent

The link-up with Team Agencies is different from most such deals, however, because Barclays is not taking control. It argues it is getting many of the benefits its competitors have gained by buying agents with-out the capital outlay.

Banks, building societies and insurance companies have bought up networks of estate agency offices in recent years, consolidating what was previously a rather scattered industry and bidding up prices. Moving house is seen as an important time in a person's life-cycle when he or she can be sold all sorts of financial services.

The main element of the deal is that Team's 155 branches will act as a sales outlet for Barclays mortgages with a target of £150m sales in the rest of 1987. Team will receive a fee for processing and passing on applications.

In future, however, both Parties see Team's expanding network, ex-pected to exceed 500 by the end of 1989, selling other Barclays services, such as bridging loans, personal loans, Barclaycards and savings products. Barclays is thinking of putting electronic terminals into the branches.

Barclays is paying £375,000 for a 3 per cent stake in Team and will nominate a director to its board. A joint logo is also being developed.

Mr Seymour Fortescue, a general manager of Barclays, said: "We are getting 155 captive estate agents for the price our competitors are paying for a single office."

The chairman of Team, Mr Richard Putnam, said that, as a result of the deal, "we have more or less our own, but independent, source for mortgages.

Team Agencies was set up last October with the backing of four leading insurance companies and Brown Shipley, the merchant bank, to provide financial services for estate agents operating under the umbrella of the Team Association.

Bank Leumi le-Israel b.m. Bank and its Subsidiaries as at 31 December 1986 adjusted for the effect of inflation* 31 December ASSETS 1986 1985 6,811,093 7,003,982 1,278,366 Cash in hand and deposits with central banks 5 256 358 Deposits with banks Depentures for investment 6,450,527 Shares for investment Securities for trading Loans to the Government (principally deposits with the Treasury) Loans to the public 7,870,650 9.391.992 12,889,176 13,561,192 744,262 126,388 Bank premises and equipment LIABILITIES AND SHAREHOLDERS' EQUITY 25,616,096 3,683,125 Deposits of the public 23,562,933 2,583,408 3,113,057 Deposits from banks Deposits for the granting of loans Non-convertible bonds, capital notes 3,479,415 5,242,057 Other liabilities 277,334 355,550 Total liabilities 34,340,165 103,870 38,376,243 Outside shareholders' interest 93.511 1,323,345 Shareholders' equity 1,286,926 39,793,099 densed Consolidated Statement of Profit and Loss for the Year Ended 31 December 1986 Adjusted for the effect of inflation* (NIS thousands) 1986 1985 Operating profit before taxation 223,217 89,799 107.118 Provision for taxation on operating profit 86,220 Operating profit after taxation 20,898 133,418 Group's equity in profits (losses) net, of subsidiaries and affiliates (6,282)(32,070) 14.616 101,348 Outside shareholders' interest (10,197)(2,041)Net profit for the year 99,307 Condensed Statement of Changes in Shareholders' Equity for the Year Ended 31 December 1986 Adjusted for the effect of inflation* (NIS thousands) 1985 Shareholders' equity at beginning of year 1,323,345 1,271,820 Net profit for the year Adjustments from the translation of the financial statements of autonomous 4.419 (39,189)(45,224 Interest on liabilities included in shareholders' equity (1,649)(2,558)Shareholders' equity at end of year 1,286,926 *On the basis of the Consumer Price Index for December 1986 Condensed Statements as at 31 December 1986 of Four Main Overseas Banking Subsid Bank Leumi Trust Company of New York B<u>ank Leumi</u> le-Israel (France) S.A. 24 Branches (US\$Thousands) (FFr Thousands) Net profit Bank Leumi (UK) plc Bank Leumi le-Israel (Switzerland) 7 Branches (£Thousands) (SFr Thousands) 411,734 במק לאשר bank leumi



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WHO BY BROD SPRID OF BUBRRSB IS STRONGER THAN EVER.

THE 1987 ROLEX AWARDS FOR ENTERPRISE

The Rolex Awards for Enterprise were conceived in 1976 to provide help and encouragement in breaking new ground in the fields of Applied Sciences and Invention, Exploration and Discovery, and the Environment.

Since 1976, Rolex has awarded 20 individuals who have demonstrated a remarkable spirit of enterprise and commitment in their fields of endeavour.

An international panel of judges, in granting the Awards, has helped to bring to fruition many projects that might otherwise not have been realised.

Each of the five current winners, announced in Geneva on 30th April 1987, has received 50,000 Swiss Francs. Also, each winner has been presented with a specially inscribed gold Rolex Chronometer, itself a symbol of enterprise and achievement.

MEDICAL AID FOR THE INDIAN OCEAN ARCHIPELAGOS.

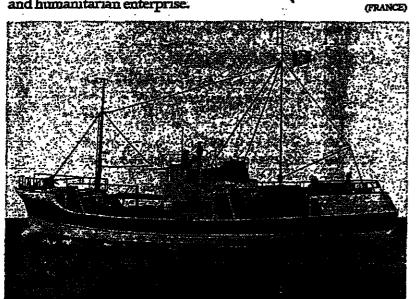
To people cut off by the sea, a medical emergency is an emergency indeed. The islanders of the Maldives archipelago in the Indian Ocean, for example, may have to travel five days by boat to see a doctor. Jacques Autran and his colleague, a doctor.

understood the problem from years of navigating in ACQUES AUTRAN various archipelagos. Their first step was to set up Marins sans Frontières. Their second was to acquire an appropriate boat. They found it: the Listans, a motor fishing vessel, bought for her worth as scrap metal.

It took four years to clean, rebuild and equip the Listnes, using volunteers and salvaged materials. She now carries a small operating theatre, a pharmacy with cold storage for vaccines, and a wellequipped laboratory.

Listaes will anchor off a Maldivian island reef, where doctors and nurses will set up a light dispensary on shore. Local health workers will then be trained to continue the work when the Listans has sailed on, perhaps to Madagascar or

the Mauritius archipelago – wherever island dwellers need Autran's imaginative and humanitarian enterprise.



CREATING SEABIRD COLONIES.



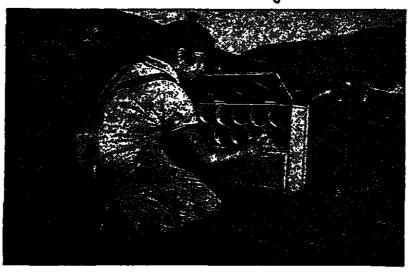
Stephen Kress began his Seabird Colony Creation Project to restore Atlantic puffins to a former breeding site. The puffins, once common in the Gulf of Maine, had been hunted to extinction on certain islands in that region. Kress believed that these birds were the ideal model for developing techmiques to restore endangered species.

The key to his plan lay in the tendency of puffins to return to their birthplace to breed (natal site tenacity). This tendency, he later demonstrated, is learned during late chick development but before breeding begins. Could endangered species be lured to safe breeding sites by natal site transfers or attraction to new islands?

Using wooden decays four-sided mirror boxes and recorded courtship calls, Kress has recolonised former Atlantic puffin and Arctic term breeding sites. The project has also worked with Leach's storm-petrel, using recorded courtship calls and artificial petrel burrows.

Kress can now start recovery programmes for endangered species, such as the short-tailed albatross of Japan.

He looks forward to sharing his success with others concerned with disappearing seabird life around the world.



A SYSTEMATIC STUDY OF NEPALESE GROUND BEETLES.

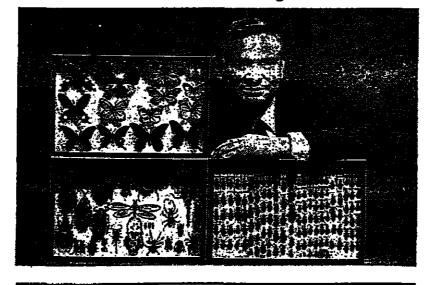


Few entomologists are able to collect their insects from high mountain regions. But Pierre Morvan is a veteran mountain climber who practises wrestling to keep fit. As the number of professional entomologists declines, competent amateurs such as Morvan play an increasingly important role. His achievements are the more remarkable because he finished his schooling at the age of fourteen.

The processes that help to form biological species (speciation) are Morvan's special interest, with particular reference to ground beetles. Speciation is the result of an animal population's becoming isolated by some factor, usually geographic in the first place. Once geographically isolated, a population group will develop its own specific characteristics.

For these reasons, the most valuable studies are done where the ecology and topography are highly varied and where there is a species that readily changes its form. Morvan's speciality, the ground beetles (Carabidae), meet these criteria well.

His project is to study a subfamily of the Carabidae that undergoes intense speciation. His chosen site is the southern Himalayas, where the density of geographic isolation factors is high but knowledge of the fauna is still limited. (FRANCE)



A BUDDHIST PERSPECTIVE ON NATURE CONSERVATION.



Nancy Nash believes it is not enough to focus on biological problems and technical solutions in response to the world's crisis of disappearing nature. She feels that we are overlooking the cultural and social factors which have not only created the problem but which could also help provide a long-term

The need for an environmental ethic caused Nash to consider Buddhist teachings, which seek to instil respect for all forms of life.

Thailand, for example, has a high percentage of Buddhists in its population. Yet the country suffers seriously from deforestation and has been stripped of almost 75 per cent of its vegetation in the last 40 years.

Under Nash's initiative, and with the full co-operation of the Dalai Lama, Buddhist groups are now studying their own scriptures for references to the interdependence of man and nature. Their findings will be used in educational books and films acceptable to the hundreds of millions of Buddhist faithful.

The Thailand project, reaching beyond the influence of governments and secular organisations, Navcy Nash and other faiths.



EXPLORING SACRED RUINS HIGH IN THE ANDES.

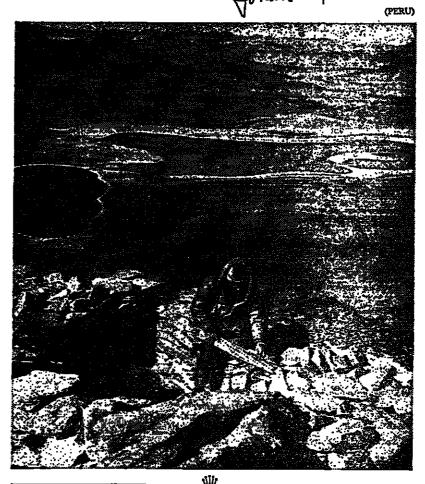


The world's highest ruins by far are found in the southern Andes. Nearly one hundred sites, predating the Spanish invasion of 1532, have been found above 5,200m - with some well-built structures up to 6,700m. They constitute one of the most awesome accomplishments that have survived from ancient

Being almost inaccessible, only a few of these sites have been examined by anthropologists. Their origins, distribution and purpose were largely conjectured before Johan Reinhard began work in 1980. He has developed a subfield of anthropology, called highaltitude archaeology. Strangely, diving is one of his specialised techniques, for mountain lakes were often perceived as doors into the mountains where the gods dwelt.

Reinhard's findings indicate that mountain gods were believed to control the weather and, consequently, crop and animal fertility. The hypothesis - which his project is designed to test - is that the Incas built the sacred sites to help increase production, thereby strengthening the Inca state and its religion.

Reinhard's pioneering techniques in high altitude archaeology will greatly increase understanding of traditional Andean religio-economic beliefs and ancient religious sites.





A book about The Rolex Awards for Enterprise will be available in the spring of 1987, either from bookshops or from the publishers, Van Nostrand Reinhold. It will give full details of the projects of the five Laureates as well as 238 other projects selected from the many submitted, including 32 that were accorded Honourable Mentions.

Further information about The Rolex Awards for Enterprise is available from The Secretariat, The Rolex Awards for Enterprise, PO Box 178, 1211 Geneva 26, Switzerland.



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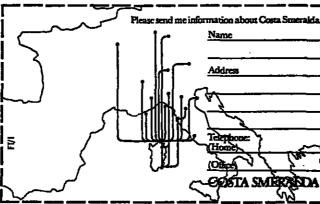
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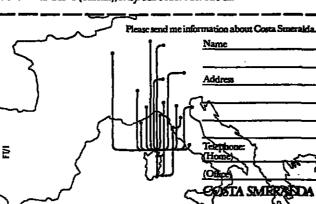
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THE UNSPOILED MEDITERRANEAN



UK NEWS

Daf British truck unit 'not assured of success'

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE NEW Daf Trucks company, efit in Britain from the temporary enlarged by the recent acquisition hiatus caused by the Daf-Leyland of Leyland Trucks in the UK from merger. the DRI Europe forecasting group

suggests today.
Daf, 60 per cent owned by private interests in the Netherlands and 40 per cent by Rover, is over-optimistic in hoping for a stock exchange flotation in two or three years' time, says Mr John Lawson, DRI's ma-

The financial markets will want to see much more evidence than has been available so far before it will be willing to put up money for a

truck company."

Although in Britain Daf starts with heavy truck market leadership a share of nearly 25 per cent – the almost inevitable result of merging the two dealer networks will be a loss of market share, DRI points out in its latest European truck

Iveco Ford, formed last year by Fiat and Ford of Britzin, Daimler-

the state-owned Rover Group, is by
no means assured of a rosy future, rapidly integrate the two present product ranges and in the longer term "the question of local content and what constitutes a British truck may become a problem".

The "erosion of Leyland's truly British image" will help boost the standing of the trucks Renault builds at its UK factory in Dun-stable, Bedfordshire, he points out. There has been no convincing explanation of why the Freight Rover

> deal with Rover, says Mr Lawson. Freight Rover is a minnow in the European van industry with a twoshift capacity of 40,000 (production last year was about 19,000 Sherpa vans) compared with 100,000 each for the sector leaders: the VW Transporter, Ford Transit and the Franco-Italian Sevel range.

van business was included in the

The current Sherpa van ra Fiat and Ford of Britain, Daimler-Benz and Renault all expect to ben-left and a replacement is urgently

more than £75m on a replacement wer the next five years but, says Mr Lawson, a wise company would restrict annual development expenditure to about 6 per cent of Freight Rover's £150m a year turn-

It also remains to be seen whether either Daf or its dealers in Continental Europe can make profits from the sale of Leyland's Roadrunner medium truck and the Sherpa van, special versions of which were launched through the Dutch company's distribution network at the beginning of this year.

On the European truck industry's prospects, DRI suggests demand for heavy commercial vehicles (over 15 tonnes gross weight) will rise slowly and steadily to 1991, but the outlook for lighter vehicles is less positive. Cyclical fluctuations can be expected but little sustained

"European Trucks Forecast Report" £1,600 from DRI, 30 Old Queen Street, London SW1H 9HP.

Output lifted at Leyland factory

BY OUR MOTOR INDUSTRY CORRESPONDENT

put at its Leyland, Lancashire, truck plant from 41 to 46 a day, Mr Cor Baan, deputy chairman of Daf continental markets which began to short term – at least 18 months – sell a special version early this of the Netherlands, said. This would take time and in the continental markets which began to short term – at least 18 months – sell a special version early this cles would continue to be available. increase output this year by about 1,000 to 11,500.

The extra volume was mainly re-

LEYLAND-DAF is to lift truck out- for the Roadrunner medium truck throughout the weight spectrum.

Mr Baan said that the new company's objective was to have a Daf company would be profitable in single, harmonised truck range its first year of operation.

He also confirmed that the new

Company failures show a sharp fall

By Hugo Dixon

COMPANY LIQUIDATIONS and bankruptcies fell sharply in the first quarter of this year, according to figures released last week by the Department of Trade & Industry (DTI).

However, this cannot be taken us an improvement in the underlying picture because of the distortion caused by the implementation of the 1986 insolvency Act at the end of last year.

There were 3,044 company liquidations in the first quarter of this year, on a seasonally adjusted basis, the lowest figure since 1982 and down from the 3,655 recorded in the previous quarter. Of these, 1,037 were compulsory and 2,007 creditors voluntary liquidations.

There were also 1.641 bankruptcies on a seasonally adjusted basis. This is down from 1,754 in the last quarter of 1986. However, the DTI varns that the change in the law is likely to obscure trends in insolvencies for at least the first half of this year. This is partly because of un-familiarity with new procedures, and partly because petitions for winding up companies may have been brought forward so they could be processed under the old legisla-

One innovation of the Act was the dministration order, a new class of insolvency order used when the company concerned has a reasonable chance of turning itself around. There were 44 such orders in the first quarter of this year.

Builders 'on three-year growth path'

BY JOAN GRAY, CONSTRUCTION CORRESPONDENT

BRITAIN'S construction industry is kloads will stay at high levels but set for three more years of growth with output rising in real terms to 9 The main growth sectors predict-per cent above 1986 levels by 1989 ed by Savory Milln are private sec-

in 1987 and will slow down in the readjustment, and that when unrestwo following years," said Ms Jutrained competition has taken its dith Fox, Savory Milln hullding an expected toll, office building orders alyst. "This year will be the peak for will reduce sharply in 1988 and growth but not for activity as wor- thereafter."

according to an industry review tor commercial work, and new

according to an industry review from analysts Savory Mills.

This futher growth is predicted there is evidence of a very specon top of what are already record tacular amount of work on order in levels of activity, with workloads at the end of 1988 standing at the highest point since 1973.

The rate of growth will be fastest that this is a precursor to some in 1987 and will slow down in the readiustment and that when types

1987 with a further increase in 1988. per cent this year another 6 per After a steady downturn in new incent in 1983 and a further 4 per cent dustrial building over the last year in 1989. The report is less optimistic following the phasing out of capital about the outlook for private houseallowances Savory Milln is now building which is currently running re optimistic about the outlook at its highest level since 1973.

will reassert itself in 1988." The major imponderable for this

New shop building however is ex-pected to remain buoyant as a re-ry adds, but if construction starts in sult of high consumer expenditure. late 1987 as it should industrial It is forecast to rise by 8 per cent in workloads are predicted to rise by 6

for this sector. It suggests that "the "Continuing favourable condi-distortion in tax changes will con-tions will support the high level of time to work its way out of the cy-completions in 1987, but we considcle in 1987, and the underlying er that the house building boom is trend of industrial building revival nearing its peak and that the first ed to show through in 1988."

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UK NEWS

Peter Riddell reads the signals from the political camps

Poll indicators reassure Tories

the date of the general election, the majority of about 90. message being received from the

Codes Viscolia

firmed up in the past couple of months, and is certainly higher Tories at 45 per cent, against 30 per than at last year's district council cent for Labour and 23 per cent for elections. This applies particularly among working-class and lower Engiand, although support remains spectively, somewhat soft among the professional and public sector middle

average of the main polls so far this year shows how Tory support has with Labour stabilising and possi-

bly beginning to pick-up.

Most significant for the Tories,
the Alliance bandwagon of March

AS CONSERVATIVE party leaders of an even nationwide spread, the face the critical week for deciding latest figures imply an overall Tory

The position is similar in some encies and the opinion polls respects to what happened before is generally, though not completely, the 1963 campaign when the Tories reassuring. before the local elections put the

differences. The Tories high level of support and lead is less well-es-tablished now than four year ago, and one survey, Marplan, has con-sistently put the Tories at below the 40 per cent level needed to be sure of a clear overall majority. Moreover, there is evidence of

some volatility, or fluidity, in sup-port. Despite its recent decline the Alliance is likely to start the camsupport is slipping in the absence of the publicity generated by its Greenwich and Truro by-election successes. On the assumption

Opinion Polls Average of main national surveys)

Now, the figures in a similar Mori this morning by Goldman Sachs middle-class voters in southern survey are 44, 31 and 23 per cent re- looks at the possibility of a take-off in tactical voting or differential swings by region. But it concludes that there is no evidence of " deviations from uniform national swings ing whether anti-Conservative tach-cal voting for second-placed Alli-more favourably inclined to Labour in local than parliamentary con of more than limited importance on

> tains that "Mrs Thatcher will enter be very bad to stop a June genera the compaign an overwhelming fa-

sible for circumstances to develop which the Conservatives could struggle to win an overall majority. A direct swing of only three percen-tage points away from the Conser-vatives to either Labour or the Alliance could produce a hung Parlia-

The central question for Mrs the current level of Tory support point drop during the campaign and

Labour finds cheer on the campaign trail

designed to Jury Labour's electoral chances, the party's local govern-ment performance is about to be seats would have completely sigiven the sel of approval by the volenced potential dissidents.

eral secretary, said yesterday that cal and national politics and after the party real record in local gov- an intensive, four-week campaign. ernment was now getting home and

Labour claims that issues like cils around the country. The party left-wing extremism in the town began the campaign with an historihalls, together with the latest outcally strong base, embracing break d internal warfare over around 8,000 councillors and the black sections within the party have no been raised on the nation's held 152 authorities and the Allidespite what Mr Whitty called a and downright lies" waged by some

London - usually depicted as the at the outset of the latest campaign hot-hed of left-wing extremism - that it expected to win control of up

with Labour's local election campaign nearly run, the party is The Labour Party is forecasting substantial confident that its efforts will on gains in this week's local government Thursday resp results likely to contrast sharply with its present stand-

The leadership believes that des- has arguably served to dampen to 12 more authorities and the latpite what it sees as an avalanche of down the "loony left" debate, al-"loony left" (extremist) propaganda though some party leaders believe a contest in the capital, together with

ers. But despite last-minute con-Mr Larr Whitty, Labour's gen-troversies extending across both loforecast that it will further strengthen its current grip on councontrol of 160 councils. The Tories

In 1983, Labour - like the other pagn of "misrepresentation principal parties - notched up net gains at the expense of indepe

the party will meet its target. High on the list of authorities likely to fall under Labour control on Friday are Trafford in Greater er, Cardiff and Reading. do well in Liverpool, claiming that it is far from being written off in

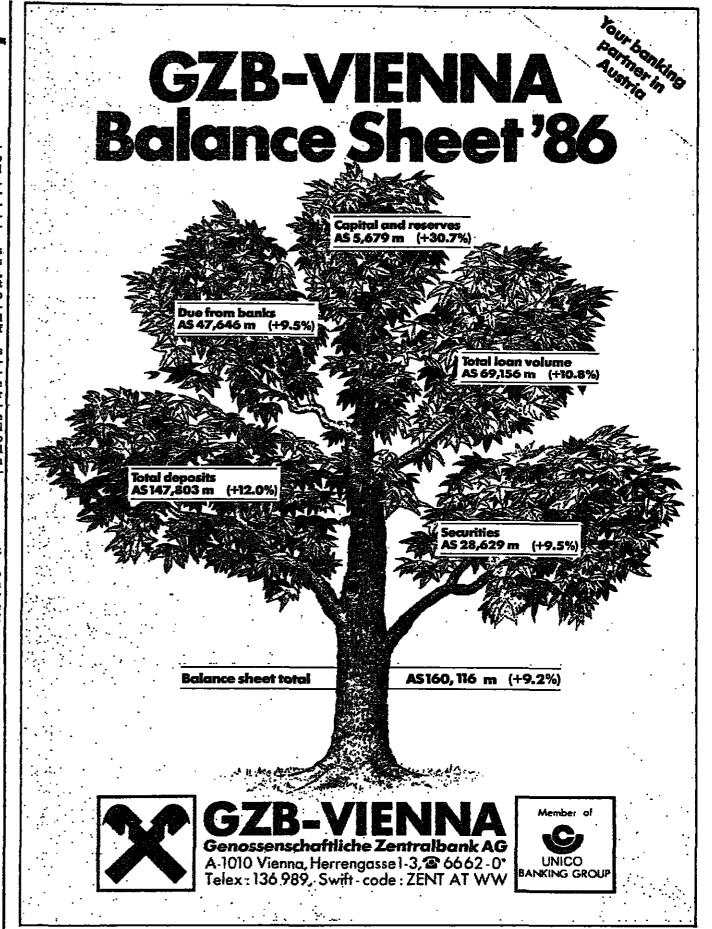
The leadership is anxious to emhasise that its successes will not be confined to its traditional heartland in the north of England and says it is confident of making significant gains in seats such as Reading, Southampton, Milton Keynes, Brighton, Oxford, Luton and the Kentish towns, in the South East of

day, the evidence suggests that La-

on up until polling day, has seen an nt-bench spokesmen and the production of over 15m items of

Today, Mr Bryan Gould, the pa ty's campaigns co-ordinator, will be in Basildon, Mr John Smith, the trade and industry spokesman, will be in Cardiff and Mr Jack Straw, one of Labour's front-bench envir onment team will be shaking hands around the south west of England. The party's campaign bus has visited more towns then ever before and is still on the road.

With the local elections out of the candidates could not wait to begin





TO SOME WISEGUY WHO KNEW WHAT WAS HAPPENING IN RADOLFZELL

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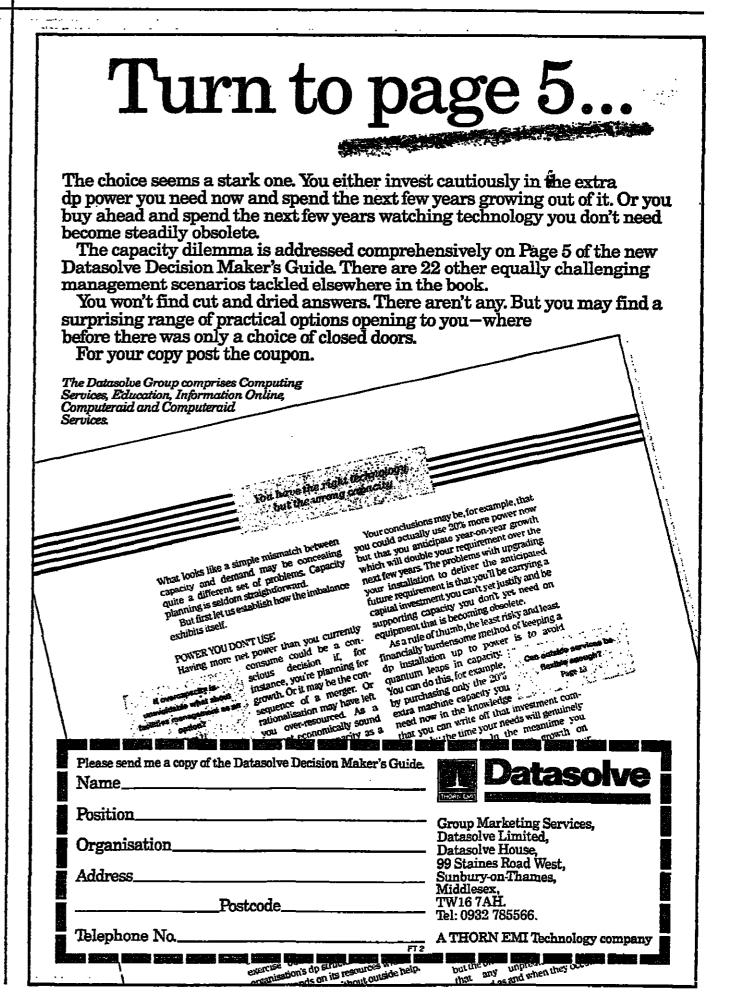
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April 24, 1987

petrol operation By Lucy Kellaway

Kuwaitis

buy Soviet

THE SOVIET UNION, which until last week owned about 50 petrol sta-tions in the UK, has pulled out of the market and sold its interests to Kuwait Petroleum International, the state-owned oil company, which is rapidly expanding in the UK. The stations were owned through the Soviet oil trading arm, Nafta, which will continue to be based in

London to deal in crude oil. Nafta said that until the Second World War the Soviet Union claimed more than 10 per cent of the UK petrol market. It said the decision to sell the remaining 50 sites had been taken because the company had no nearby refineries and was not prepared to commit the large sums of money needed to run

profitable stations. For Kuwait Petroleum, the deal, although small, represents another step towards its target of achieving a 6 per cent share of the UK petrol market. After recent deals with Ul-tramar, the UK oil independent, it now claims about 2 per cent.

Kuwait Petroleum, which is the only integrated international oil company to be owned by an Opec member, sells its petrol in Europe under the brand name "Q8", which it launched last year.

Wage awards 'rising by 5.7%'

By Our Labour Editor WAGE SETTLEMENTS are running at a median increase of 5.7 per cent, according to a pay research

But the different sectoral increases recorded by Industrial Re-lations Services (IRS) are still in line with the mix of settlements recorded by another analysis by incomes Data Services (IDS).

In its findings, IRS shows a median settlement level, weighted by employee numbers, of 5.7 per cent over the 12 months to April. Increases are running higher in the public sector, at 5.9 per cent, compared with 5.3 per cent in pri-

UK NEWS

A tide slow to come in

Repetition did not make
Denning's prophecy come true.
"I don't think we have seen
any such tide on a big scale
yet." Lord Hailsham, the Lord
Chancellor, said when I met

him recently.

Why is it then, that such a big elephant gave birth to such a little mouse?

Let us take the issue of equal pay and sex discrimina-tion in social security cases. Article 119 of the EEC Treaty says: "Each member state says: "Each member state shall...ensure... the application of the principle that men and women should receive equal pay for equal work." This, one would have said, meant that member states should adopt legislation to give effect to the principle of equal pay.

y. However, in the famous case of Defrence v Sabena the European Courts said there was no need to wait for national legislation, article 119 was directly applicable and national courts were obliged to uphold any claims justified by

There followed more European Court decisions. "Equal work" was defined as "work of equal value" and this was embodied into UK legislation. EEC directives extended the principle of equal pay to other conditions of employment and to social security provisions. The pioneers of sex equality went from victory to victory. But the latest research paper of the Equal Opportunities Commission, just received, calls them Pyrrhic victories."

There is a sense of disappointment with the actual results ment with the actual results of applications made under the equal pay legislation to industrial tribunals. The applicants were successful in only 11 per cent of all sex discrimination claims and 10 per cent of all equal pay claims made between 1976 and 1983. Even in those successful cases the tribunals only rarely recomtribunals only rarely recom-mended a remedial action and the compensation they awarded was often desultory.

A substantial number of suc-

cessful applicants had to go to cessful applicants had to go to the Employment Appeal Tri-bunal or to a higher court and many found the experience very stressful. In the four years 1980 to 1984 there were 151 successful applicants (a further 50 succeeded later after an appeal) and nearly half of them experienced difficulty or delay in getting an employer to nay the compensation or to pay the compensation or to take the action recommended employers were obstructive and the tribunal decision had to

The difficulties which the Commission faces when trying to translate into reality some

BUSINESS LAW

of the laudable objectives of the Treaty lead to the frustra-tion of its officials and result in a bureaucratic bloody-mindedness which makes things even worse. Since 1971, the Commission has invariably proposed that regulations introproposed that regulations intro-ducing generalised tariff pref-erences be based on Article 113 of the Treaty. This provides for a majority decision of the Council of Ministers and is specific about the role of the Commission in the legislative

The Council however, always adopted such regulations citing adopted such regulations citing only the "Treaty," as it now explains, in order to embrace not only Article 113 but also Article 235 which requires unanimity. Its patience exhausted, the Commission took the Council to the European Court which solemnly annuled Council regualtions 3599/85 and 3600/85 because they did not cite Article 113. The futility of the exercise is they did not cite article 113.

The futility of the exercise is revealed by the court's post-script to its decision: the annulment will not deprive the regulations of their effects which are to be taken to be definitive!

Sometimes the Commission and the Court get themselves tangled up in a way which out-siders find unbelievable. For example, French books exported first to another EEC country and then re-imported to France can be sold at any price the bookseller wishes, while the same books placed directly on the French market by the French publisher are subject to the maximum 5 per cent dis-count rule. French courts asked whether this was not contrary to the Treaty principle of non-discrimination. The Court said discrimination. The Court said no. Still in disbelief, the French courts sent a second reference with exactly the same question to Luxembourg. But the European Court would not be moved. It now gave an identical answer in case 168/88.

between Philip Morris and the Victories, Rembrandt Group on the one £4.95.

"THE TREATY is like an incoming tide. It flows into the estuaries and up the rivers. It cannot be held back."

Lord Denning said so years ago and many have repeated the metaphor since, hoping that it would be possible to build a Federation of Europe based on a comprehensive Community Law.

Repetition did not make Denning's prophecy come true. "I don't think we have seen any such tide on a big scale yet." Lord Hailsham, the Lord in the county court. Some applicants on the oligobolic cants never received the money they had been awarded.

For some successful applicants the commission first found that it leave. A number of applicants said they were dismission the commission first found that it was intringing the EEC laws of competition and the second time gave it its blessing, though the changes adopted in the changes a

Runi

I found it then diment to understand the naw rule enunciated by the Ceannission: that the acquisition of 30 per cent of equity in a competing enterpise was not anti-competitive and that a major tobacco company would put \$350m into a competitor with the other obtains a competitive than to obtain no other objective than to obtain a good return on its capital. Luckily it came to pass (in cases 142 & 158/84) that Mr Advocate General. Frederico Mancini shared my lack of my sach mancini shared my lack of my sach mancini shared my lack of my sach my lack of my lack of my sach my lack of my sach my lack of my lack o sympathy for such reasoning; he proposed that the Court should annul the Commission's

should annul the Commission's decision.

A more serious issue involving the relationship between Community lay and national laws was raised by the Commission's recent attempt to search the Frankfurt premises of Hoechst. It is the practice of the Commission on such occasions to search desks and filing cabinets.

According to German inter-

According to German interpretation of regulation 17/62 it has no right to do such things. Further, like in other member states, no search and entry is allowed without a court warrant and none could be obtained at first by the German Cartel office because the Commission did not provide justification for its suspicion that Hoechst took part in a polyethylepe cartel. part in a polyethylme cartel.

several German courts got involved in the distute as well as the European Court, first on the application of Joechst for an injunction, and then on the complaint of the Commission that the German Government failed to do its duty to assist the investigation.

the investigation.
On the surface, the dispute appears to be about the supremacy of German fundamental law over investigatory powers claimed by the Commission. In the supremark the real problem substance the real problem may be how to oversome the contradiction between the far-reaching ambitions of Brussels and its distance from the places where things happen.

Can one expect the Enropean Court, equipped mainly for solving issues of law, th auth-orise dawn raids in Frankfurt or in London? Will the future with exactly the same question to Luxembourg. But the European Court would not be moved. It now gave an identical answer in case 168/86.

Even more serious damage to the credibility of EEC law results from contradiction between the Commission's findings of fact and its legal conclusions. As I reported here on December 12 1986, in dealing with the proposed link

or in London? Will the future competition court of the Community be better equippid for such a job? Or should one such a j Stationery A. H. HERMANN



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A WHOLE WORLD OF OPPORTUNING

Bentley and R-R may drop shared styling

By John Griffiths

THE DEVELOPMENT of separate Rolls-Royce and Bentley ranges with differing bodies, is being planned by the recently restruc-tured management of Vickers' huxury car-making subsidiary. They could go on sale in the mid

1990s, according to Mr Peter Ward, Rolls former managing director of sales and marketing who became chief executive two months ago. The strategy depended on the profitability and sales recovery it

has made over the past three years said Mr Ward - "although we are not going to slip back."

Rolls plunged into losses as its car sales world-wide fell in the ear ly 1980s. In 1982, when its sales fell below 2,000 units, it appeared that the company might not be able to survive. Since then sales have reovered to reach 2,603 last year. Sales were expected to inc

at a steady rate of 150-200 units a was improving through greater production efficiency.



State Bank of India announces that its base rate is reduced from 10% to 94% per annum

> with effect from May 1, 1987

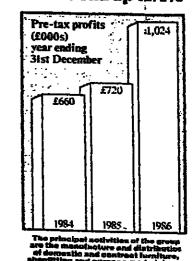
Deposit Rates 7 days' notice Gross Interest Net Interest 4.84% 5.88% 21 days' notice Interest paid half yearly

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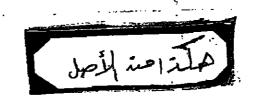
"EXPANSION BASED ON SUCCESS" Profits up 42% ... earnings up 59% ... dividend up 121/2%

At the AGM held on April 30 Mr Robert Delaney, Chairman, said: "1986 was a year during which turnover and profits reached record levels. Our expansion is firmly based on this success and we have commenced the current year with excellent progress on all fronts.

Growth in our domestic furniture manufacturing and distribution activities is being augmented by expansion into related areas, primarily by servicing the retail and leisure sectors. We are actively pursuing acquisition opportunities which have been identified."







UK NEWS

Lucy Kellaway looks at the sensitive choices facing British Gas

Running out of North Sea options

THE LARGEST single source of pected that an uneven rise would blocked its attempt to buy Sleipner supply to British Gas, the Frigg gas leave a series of little pockets of gas gas two years ago. field in the North Sea, is running down faster than had been thought. The Government and British Gas will soon have to settle the sensitive matter of where the next generation of gas is going to come from.

lesday alay by

According to a new study from remaining reserves may be some 40 per cent lower than earlier esti-mates and total reserves may be 6.0 trillion (million million) cubic feet (tcf) rather than 6.7 tcf. The field. which last year met more than a quarter of UK gas demand, is now expected to start to decline steeply at the end of next year, and to be six years earlier than expected.

Elf Aquitaine and the other partners in the field are examining new data, and are expected to come un with their own estimates next has delivered one disappointment after another since it started producing in 1977, they are not likely to be surprised by another set-

water level in the reservoir is rising ory at least - be free from the kind evenly, whereas the experts had ex- of government interference that

which could be tapped by new

British Gas says that it is pre-pared for the latest shortfall. It intends to make up for lower liftings from Frigg by taking more gas from producing fields, by signing up new fields in the southern basin of the North Sea and by producing more

Even though the poor behaviour of Frigg may not upset British Gas plans in the short term, it will exacerbate the shortage of supplies in

According to BP, by 1995 there will be a gap of two billion cubic feet a day, about one third of pro-jected consumption. Given that bringing new fields onstream may take four or five years, British Ges will soon have to decide where the ges will come from.

An obvious choice would be to import it from the big Norwegian Turitotal of 17 tof of gas, about four land. Sleipner fields due to start times as much as the reserves of producing at the beginning of next likely development in the southern decade. Now that British Gas is a gas basin. The problem seems to be that the private company it should - in the-

But as British Gas gets ready for the first round of discussions with the Norwegians, the UK oil industry is preparing its own angry pro-test should there by any deal to import gas on a large scale.

In a recent submission to the energy select committee, BP gave a warning that a large-scale import contract "would cause an inevitable deferral of developments with very serious implications throughout the UK hydrocarbon sector, for the bal-ance of payments and for UK em-

In 1965 British Gas was prevented from buying Norwegian gas on the basis that there was plenty of gas in the southern North Sea. This time the focus of the argument has shifted to the central North Sea, where Wood Mackenzie estimates that existing fields may contain a

Most of the fields contain gas tively pushing the plan, and is in condensate, a mixture of gases and serious discussion both with the oil



liquids, making them more expensive to develop than dry gas fields. Furthermore, the reserves are scattered out over a fairly large number

of small fields.

However development of the fields appears possible, and BP has recently proposed a central gas gathering system. This would run from St Fergus to the Forties field, with arms branching out to Brae and Miller in the north and down to Marnock in the south. BP is now ac-

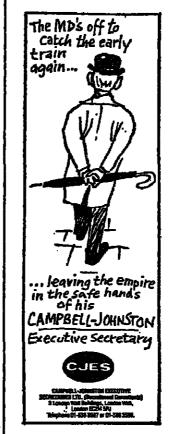
companies which would use it, and with the Department of Energy.

The scheme has considerable economic and political appeal. It might allow the development of many of the smaller fields which could not support their own pipeline systems. and would also ensure a steady flow of work for the depressed UK offshore industry.

BP will need to bring all its effort to bear on the plan if it is to suc ceed. An earlier attempt to build a central pipeline failed in 1981 through the sheer logistical difficulties of making so many players agree on a unified scheme, and from getting the necessary assur-ances from British Gas.

Even though the new scheme is simpler, it may not prove possible to get companies to commit funding to a scheme when they know neither when their field will be developed, nor what the volumes agreed by British Gas will be.

While in the end the decision is a political one, BP and others have already demonstrated the scale of opposition should British Gas reach an early agreement with the Nor





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The BMW 7 Series, as the world's first car, and the jet have both been designed and built for maximum reliability using the same computer techniques (FMEA), which eliminate potential problems already at the design stage.

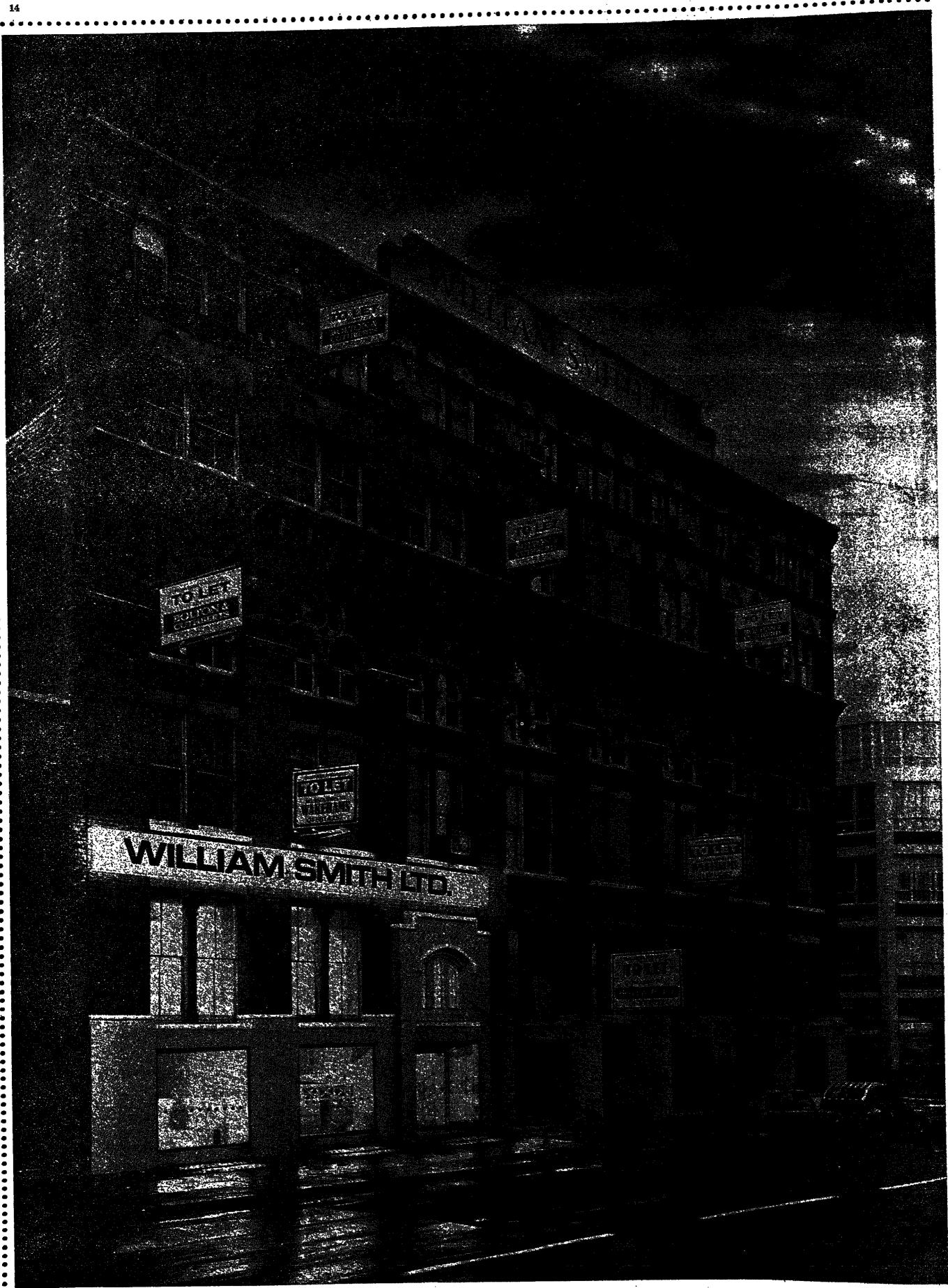
The plane makes distances seem shorter, whilst the large BMW makes short shrift of long journeys, and both have exceptionally aerodynamic bodies.

But there are also differences. The BMW can't quite match the top speed of the jet but, on the other hand, you never need landing permission with the 735i. That alone makes them a perfectly matching set.



The ultimate driving machine

India



There is an old saying attributed to Bob Hope -"a bank will only lend you money if you can prove that you don't need it". And, like many paradoxes, there's a grain of truth in it ...

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ALL BIG BUSINESSES USED TO BE SMALL. THE PROBLEM IS, SOME SMALL BUSINESSES USED TO BE BIG.

formed to help businesses of all sizes, and in all sectors of the market.

The state of the s

And we realise that it is often smaller or apparently less successful companies who could benefit most from our experience.

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repayments - and as competitive in their terms as you have to be against your competitors.

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WE BACK BUSINESS. WE DON'T HOLD BUSINESS BACK.

IT TOOK Georgina von Etzdorf and her two partners three months to find the ideal build-ing for their young textile design business. They finally design business. They finally lighted on a dereller long barn in the pretty village of Odstock, two valles south of Salisbury, in Watshire.

The restored barn combines an afordable rent with an upmarket "county" image which goes well with you Etzdorf's hand-printed range of scarves, ties, dressing gowns and waist-coats. Its length provides coats. Its length provides ample space for the 60-foot print trible on the ground floor while office, studio, steaming and ironing areas crowd together on the top floor. The flint and brick barn, with new floors, roof and windows, now houses a thriving business employing 13 people and with expected sales of £400,000 in 1987. It has also made a small contribution to solving the problems of rural decline and the continued loss of jobs in

farming. Seven thousand farm jobs were lost in England last year and while Wiltshire's 9 per cent unemployment rate compares with 19 per cent in Cornwall and Durham, rural communities in the relatively prosperous southern counties are also

under pressure.
"You might have a thatched cottage with wisteria round the door, but if you are poor and without a car in the country you are cut off from shops, the Jobcentre and the library," says Peter Curbishley, small industries adviser in Wiltshire for

CoSIRA, which is part of the Development Commission for Rural England, is attempting to reverse that decline by pro-

Twenty eight rural areas, inTwenty try and the northern counties of England, have been designated as Rural Development Areas. They receive special help in the form of a small fac-tory building programme which last year took up £15m, or more than half the commission's

Financial aid is also given to repair derelict rural buildings such as schools, chapels and barns for use by small firms. But equally important is the help and advice which is given by CoSIRA advisers on where to find premises, obtaining planning permission and on running a small business. CoSIRA also trains craftsmen in skills such as thatchery, forgework, dry stone walling and agricultural machinery re-



Rural businesses: not

all a bed of roses

Charles Batchelor on the climate for setting up in the country

employer, a large cutting-toool

manufacturer, decided to move

from Basingstoke to Gloucester.

They spent their first three

funding for the English commission by 12 per cent to £27.8m in 1987-88 which will allow CoSIRA to increase its marketing support scheme, ex-tend the redundant building the Council for Small Industries grants scheme to tourism projects and take on more part-

time advisers. Cosira, which is part of the Development Commission for Rural England, is attempting to reverse that decline by providing advice and financial aid to small firms setting up in rural areas.

Limit advices.

Curbishley helped Georgina von Etzdorf find premises and also dealt with a problem she and her partners faced with the treatment of waste dyes.

But while a textile design

panies only one in 10 of new companies are setting up in the Wiltshire countryside has a craft bias. The typical non-agricultural

rural business is, in fact, an from peering at a piece of work engineering company, according and see the country out of the to the somewhat surprising results of a recent survey carried out by CoSIRA.
Advanced Precision Tools, a

manufacturer of diamond-tipped cutting tools, fits the bill per-fectly. Based in the former village school at Herriard, a village four miles south of Basingstoke, Hampshire, APT has grown from its four founder directors in 1981 to a total of 13 people with turnover of £390,000 in the year just ended. Dave Chad, in charge of design at APT, and three col-leagues decided to set up on

years in a small shed in the nearby village of Lasham before remortgaging their homes to buy the disused village school for £100,000 in 1984. For a team which had become used to working in a purely industrial environment, the Herriard school offers one of the

main advanges of the rural life
— a green and pleasant en-The lads can play a game of football on the green at the back during their lunch-break," says Dudley Ayling, another of APT's founder-directors. "It's also nice to be able to look up and see the country out of the

Costs also tend to be lower in the country though the expense of modifying farm build-ings in keeping with local architectural traditions can be

high.
"If we had gone into Basingstoke four years ago we would have been paying £6 a square foot," notes APT's Chad. "We could not have afforded it. Here we have the space and we can use the school playground as

air.

Sign at APT, and three colformany companies a rural leagues decided to set up on location is essential for the type their own when their previous of business they are in. Gul

rubbish the farmer won't sell it to us if I go along and offer him £20,000 to put it to indurial use," says Curbishley. "Even if the farmer has not got planning permission for houses he is prepared to wait five years in the hope he will get approval." In the early 1980s developers could claim 100 per cent tax relief on small rural workshops under the Industrial Buildings Allowance scheme but this was abolished two years ago. Even if a company can find premises, housing for its workers in the south-east and

workers in the south-east and other popular retirement areas can be prohibitively expansive.

"My biggest problem is the cost of accommodation," says Ray Bevan, managing director of Airesford Watercress, a 50-year-old Hampshire company which has recently increased its workforce from four to seven. "A house in this area seven. "A house in this area costs £45,000 to £50,000. A young manager could never afford that."

The housing shortage adds to

the problem of recruiting suitable skilled staff. "There are able skilled staff. "There are not many similar companies in this area so it is difficult finding people with experience," says von Etzdorf's Jonathan Docherty. "We train all our own people. That takes time and is a bit of a gamble until they have made it?" Wetsuits, a private company which became part of the pub-licly quoted Hawtin group in 1983, is based on an industrial estate in Bodmin, Cornwall,

Distance from their markets can be a problem for some com-panies. Eddie Clunan who, with his wife, runs Duddon Electro-nics from Coniston in Cumbris says visits to his customers have to be carefully organised. Dud-don supplies underwater lighting equipment to the offshore oil and gas industry and to

power stations. But Clunan's main complain: is a sharp decline in the postal service in recent months. "We used to be able to get a letter out quite late in the evening but they have cut back the service," he says.

Cuts in rural bus services have also hit small rural firms. APT's Chad says the infre-quent and costly local bus ser-vices makes it difficult to recruit young apprentices. A partial solution has been found in the older employees with cars organising a pick-up rota. For all the problems faced

"We spend more than half by young companies in the our time and the commission countryside they will become more than half its money in even more important to the creating premises but after 10 years the demand is still rural economy if Brussels ex-tends its controls on farm prothere," says Henry Clark, CoSIRA's head of information. duction and cuts farm incom Fortunately for Britain's rural economy, attitudes to in-"Sometimes we think we have built too many units but after dustry are starting to change.
"Even the retired colonels six months they have all been "Even the retired colonels taken." A major problem is the competition from private jections saying they didn't want buyers who will pay large sums a noisy woodworking factory in "If a City whizzkid offers a their village are coming round," farmer £60.000 for a pile of says CoSIRA's Clark. a noisy woodworking factory in

In brief...

RURAL SMALL business has been given extra backing by the Government. Funding for the Development Commission for Rural England is going up by 12 per cent to £27.8m in 1987/88.

This will mean extra backing for The Council for Small Industries in Rural Areas (CoSIRA), which provides advice, training, finance and help with workshop space to small firms in the countrysmall firms in the country-

side.

Specifically, extra aid will go to the Private Sector Partnership Scheme, whereby the commission helps jeb-creating private sector projects in priority Bural Development Areas; to CoSIRA's marketing support scheme; to expanding the Redundant Buildings Grants Scheme to include convexions for tourist use; and to recruiting tourist use; and to recruiting additional consultants to additional consultants to strengthen CoSIRA's advisory

services, particularly in remote areas. COSIRA, 141 Castle Street, Salisbury, Wilts SP1 3TP. Tel 0733 336255.

BERKSHIRE County Council BERRAHIRE County Council is to help young people start up their own business with each grants and loans. It is to establish a Youth Enterprise Fund which will offer grants of \$500 to selected 18 to 25-year-olds to meet their mithal level worferstead and initial legal, professional and

A condition of receiving the grant is that the young the grant is that the young person makes use of the Berkshire Enterprise Agency. The county is also to establish a revolving loan fund which will provide start-up loans of up to £1,500 to young entrepreneurs who have been refused a bank loan.

Contact Retchiles Fater.

Contact Berkshire Enter prise Agency, Old Shire Hall The Forbury, Reading, Tel 073**4 585715.**

ENTERPRISING Youth Exhibition, to be held at the Barblean, London, between May 11 and 13, is giving 29 businesses run by young people aged 26 and under the chance to promote their goods and services. Sponsored by Shell UK and organised by the Junior Chamber of Com-merce for London, the event is part of the London Stan-dard Business to Business Exhibition. Details: David Betts at Shell on 01-257 3100 and Colin McCormeck Junior and Colin McCormack, Junior

The pros and cons of secondary markets

Alice Rawsthorn reviews a book on going public

is that the "solutions" to those problems almost always involve paying a hefty fee to said broker, bank or accountant.

Truly objective views of the prospects for small companies on the equity markets are hard to find. Thus Graham Bannock and Alan Doran, both of whom the control of the cont and Alan Loran, both of whom are involved with small businesses, have produced a book on London's secondary markets, Going Public: The Markets in Unisted Securities."

Unlisted Securities."

The development of the London markets is rooted in the early 1970s when M. J. H. Nightingale & Co—now trading as Granville — introduced a facility for dealing in the shares of private companies. Two secondary markets have since emerged: the unofficial over-the-counter market and the Unlisted counter market and the Unlisted Securities Market under the legis of the Stock Exchange.

The OTC market is composed of a group of licensed securities dealers making markets in the the shares of 150 or so companies on an informal telephone network. Its development, as Bannock and Doran relate, has

meen plagued with problems.

Tiliquidity has been a persistent problem, as has the paucity of information on OTC stocks. The dealers' penchant for the "hard sell" is Wustrated by the experience of one of the book's researchers who unwittingly became the target of a dubious sales nitch while waiting for an sales pitch while waiting for an interview.

By contrast the progress of the USM has been an orderly affair. The market was introduced in 1981 in response to the Wilson Committee's report into the role of small companies in the financial markets and to the Stock Exchange's concern about the growth of the unofficial OTC market, or the "twilight zone" as it was called.

Bannock and Doran dwell on the USM's successes — the mar-ket has grown far faster than the Stock Exchange envisaged and swiftly established itself as a liquid, if volatile, forum for small companies — but also on its failings.

The book maps out the standard procedure for a com-pany to go public on the USM. * Harper & Row. £19.95.

SCARCELY A week passes but is particularly useful in without a broker, bank or accountant publishing a glossy pamphiet on the problems and pitfalls of going public for small east access to capital and facinations ambitious entrepreneur also place the company under uncomfortable scrutiny, thereby ease access to capital and faci-litate acquisitions; but it can also place the company under uncomfortable scrutiny, thereby compounding its problems should there be a sudden downturn in its activities. Another drawback to flotation

is the cost involved. Bannock and Doran provide a guide to the likely costs of an issue, but also identify the "hidden costs." also identify the "hidden costs."

The book is optimistic about the prospects for the secondary markets: partly because it perceives the USM and OTC market in the context of the international trend towards the "vertical segmentation" of equity markets which has created new secondary markets in France, the Netherlands and West Germany and enabled NASDAQ to flourish in the US; and partly because economic trends suggest that the influx of small companies onto the second markets will con-

second markets will time unabated. Bannock and Doran identify the availability of venture capital, ongoing deregulation and the change in social atti-tudes towards entrepreneurship

tudes towards entrepreneurship as catalysts for the creation of many more small businesses. They estimate that each year between 120 and 150 small companies reach a size at which a secondary market flotation would be feasible. Moreover the legislative

changes implemented in the Government's attempts to widen share ownership should introduce more individuals to investment, thereby creating a new source of investors in small

Going Public, like so many financial books, is: plagued by the perennial problem that its statistics and examples are rather outdated. A more per-tinent problem is that the book was written not only before Big Bang, but before the creation of the Third Market, the Stock Exchange's official alternative to OTC trading.

Thus Bannock and Doran, thanks to an accident of timing, were unable to address themselves to the issues upper-most in the mind of any small company now mulling over the whys and wherefores of a flota-

lil.

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42 et 1.

Businesses For Sale

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Midlands. Operating from purpose-built freehold premises, the company generates annual sales of £500,000 and has 28 employees. Principals only should in the first instance contact:

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Company Notices

halfway between the north and southern coasts of the county.

in Cornwall. That is why we are here," says Carey Brown, managing director. "It's ideal

for testing equipment. We can hammer a wetsuit to death on the Atlantic coast and then

try out yachting gear off the

now employs nearly 90 people, has turnover of £3m and claims

to be number one in its field in

But life is not all roses for

companies which opt for the country life. The first and big-gest problem they face is find-

Gul. which was started by Brown and an uncle in 1972,

south coast."

Europe.

ing premises.

"The surfing industry started

AB ELECTROLUX

TO THE SHAREHOLDERS OF AKTIEBOLAGET ELECTROLUX

The Annual General Meeting of the Company will be hald at Skandinaviska Enskilda Banken, Kungsträdgardsgaten 8, Stockholm, Swaden, on Thursday May 21, 1987, at 4.00 pm.

AGENDA Matters prescribed by the Swedish Companies Act 1975 and by the Company's Articles of Association including, inter alla, presentation of the annual report and accounts and the auditors' report on the Company and of the consolidated annual accounts and the auditors' report on the Group: resolutions on the adoption of the profit and issentament and the balance sheet and of the consolidated profit and loss statement and the consolidated balance sheet, on the appropriation of the Company's profit according to the adopted balance sheet; and resolutions on the Directors' and the Managing Director's discharge from liability and on the section of Directora, Deputy Directors, Auditors and Deputy Auditors. ATTENDANCE AT THE MEETING

ATTENDANCE AT THE MEETING

Shareholders wishing to attend the meeting must be registered in the share register maintained by Vardepapperscentralen VPC AB not letar than Monday May 11, 1987. In addition, they must notify the Company of their intention to attend the meeting not leter than 4.00 pm on Monday May 18, 1987, either in writing to AB Electrolux, C-J, S-105 45 Stockholm, Sweden, or by telephone on +46 8 738 6739.

Shareholders whose shares are registered in the name of a nominee, such as the trust department of a bank or a stockbroker, must temporarily have their shares registered in their own names by Vardepapperscentralen VPC AB not leter than Monday May 17, 1987 to have the right to vote at the meeting.

A shereholder may attend and vote at the meeting in person or by proxy but in accordance with Swedish practice the Company does not send forms of proxy to its shareholders. Shareholders wishing to vote by proxy should submit their own forms of proxy to the Company.

DIVIDEND

DIVIDEND
Provided that the meeting resolves to adopt the proposal of the Soard of Directors, it is anticipated that the dividend will be distributed by Varidespaperscentralen VPC AB on Wednasday Jane 3, 1987. The record date for the dividend will be Tuesday May 26, 1887.

THE BOARD OF AB ELECTROLUX



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At the Annual General Meeting held on May 1, 1987, a final dividend of DRs 13.50 per share was declared payable, at the option of the shareholders, in share-28 are share the shareholders of the share share said share share the share premium bass in the Amount of one of the share share costing 50 ordinary shares for every existing 50 ordinary shares to greatly share for every of coupons 72, and 73. They will receive one additional ordinary shares or 5 coupons of 53 100.—for every 50 coupons no. 73 from the ordinary shares or 5 coupons no. 73 from certificates of 10 ordinary shares presented at the poliowing officer. Baring Brothers & Co. Ltd. 8 Bishopsqute. Longon FCZN AAB

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Contracts and Tenders



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ENAPAL

NOTICE OF INTERNATIONAL INVITATION TO TENDER (No 22/87)

The Entreprise Nationale d'Approvisionnement en Produits Alimentaires (National Food Supply Company) "ENAPAL" is launching an international invitation to tender for the supply

2,000 tonnes and over of processed Cheddar cheese to be used in the manufacture of cheese spread. Interested companies may collect the specification against payment of 200 DA (two hundred Algerian dinars) from ENAPAL, 29 Rue Larbi Ben M'Hidi, Algiers.

Tenders in duplicate together with the statutory documents should be sent to the above address in double sealed envelopes, the outer envelope bearing the following wording only:
"Appel à la Concurrence Internationale No. 22/87, à ne pas ouvrir (International Invitation to Tender No. 22/87, do not

The final date for submission of tenders is fixed at 15 days from the date of publication.

Tenderers will be committeed to their tender for a period of 90 days from the closing date of this invitation which is addressed only to producers and bodies specialising in marketing in accordance with the provisions of Law No. 78/02 of 11 February 1978 relating to state monopoly on overseas trade.

Legal Notices

IN THE HIGH COURT OF TANZANIA AT DAR ES SALAAM The Director General of Civil Aviation

2. George Hallack

3. Air Tanzania Corporation

To: George Hallack

PO Box 11-0227 Beirut, Lebanon,

Whereas the above named plaintiff has instituted a sult against you, in respect of a claim, the perticulars of which are mentioned in the plaint filed in this court a copy whereof is available to you from the registry of this court: Take notice that, in default of your appearance on that day before mentioned, the suit will be heard and deturnined in your absence. Given under my heard and the seal of the court this 29th day of April, 1957. A. C. MREMA

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Claire Broughton on 01-248 8000 extension 3234

The content, size and publication dates of Surveys in the Financial Times are subject to change at the discretion of the Editor

THE ZAMBIAN ECONOMY

No hope of an easy way out

By Tony Hawkins

LAST FRIDAY'S decision by Dr Kenneth Kaunda, the Zambian president, to break with the economic austerity policies of the International Monetary Fund is likely to prove a major setback in efforts to solve the country's worst economic crisis since indepen-dence in 1964.

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In a late-night broadcast to the nation, Dr Kaunda announced the reversal of most of the key policies of a four-year-old, IMF-sponsored reform programme — including the abolition of the country's innovative foreign currency auction, the re-imposition of price controls and a severe limit on

debt service payments.
At a time when the DEF can claim few if any African success stories among its clients, this volte face by Zambia could prove a serious blow to the credibility of the West's for-mula for economic reform on the continent.

Increasingly, Zambia has been portrayed as a model of reform, a country struggling against the most adverse of conditions—and against serious domestic political resistance to restructure its economy.
Officials from the Western donor nations, the IMF and World Bank admit that they have invested in Zambia not only their money, but also their necessitions. reputations as advisers. economic

Now, by abandoning the country's IMF programme and shifting the burden of balance of payments adjustments on to the shoulders of Zambia's international creditors through neighbouring Angola and limiting debt service, Dr. Kaunda will have forfeited much of the substantial sympathy built up in the West over the past four years. His weekend appeal to donors to maintain aid levels could well fell on deaf ears.

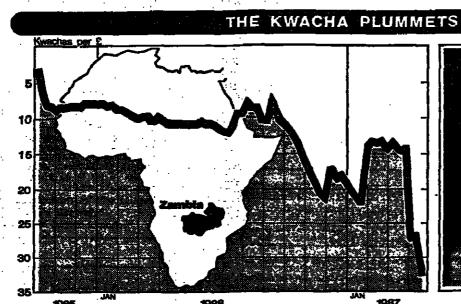
neighbouring Angola and debt that the country simply cannot service as scheduled.

With copper exports accounting for 90 per cent of export earnings and 50 per cent of GDP, the 75 per cent fall in the real price of cooper since 1973.

brink of collapse.

Even before Dr Kaunda announced his go-it-alone strategy, the prognosis for the Zambian economy was grim.

While some of Zambia's problems are self-inflicted-govern-ment neglect of agriculture in





ment spending and the money supply out of control (money

supply growth topped 60 per cent last year) the foreign cur-

rency auction — which has seen the kwacha fall from K2.2 to

the dollar at its launch in

evident in agriculture, where

to K8 to the dollar.

the 1960s and 1970s, an overvalued exchange rate (until
1985), lax fiscal policy and import compression of this
failure to adjust to falling magnitude meant widespread
under-utilisation of capacity in
industry and a severe deteriorais beset by economic difficulties
that even the most efficient of insidewate majorenance. copper output and depressed under-utilisation of capacity in metal prices took their toil—it industry and a severe deterioration in infrastructure because that even the most efficient of inadequate maintenance, management could not have

These include near total industry — copper — recurrent drought, transport difficulties associated with civil wars in neighbouring. Angola and Mozambique, and an external debt that the country simply.

maintain aid levels could well fall on deaf ears.

Although the decision is designed to alleviate the burdens implicit in IMF austerity.

Although the decision is coinciding with high real interest rates on foreign paydens implicit in IMF austerity.

Metallic and the state of t economists. Delives there is a with initially by familiar by a strong danger that it will have backlog of arrears on payments the opposite effect—intensifying abroad and by substantial defiationary pressures in an foreign borrowing. By the end economy which, even while enjoying large amounts of liabilities totalled \$5.8bn includdonor support, has reached the brink of collapse.

The impact of depressed copper prices was intensified by the steep decline in production which fell from 713,000 tonnes in the mid-1970s to 459,000 the steep decline in production
which fell from 713,000 tonnes
in the mid-1970s to 459,000
tonnes last year.
By 1985, controls had reduced

Treasury Bill suction and the
marketing. Western aid agencies welcomed the reforms and
Zambia negotiated a two-year

Zambia's reform programme dates back to 1983 when it declared a moratorium on debt servicing and signed the first of three rescheduling agreements with its creditors. The reform package included price decontrol subsidy reductions, in-creased producer prices for farmers, relaxation of interest rate ceilings, and frequent modest currency devaluations.

Fiscal policy was tightened so that the budget deficit fell from 17 per cent of GDP in 1982 to under 10 per cent two years later. But despite these changes the situation deterio-rated further as copper production and prices continued to fall and aid and capital inflows

declined sharply.

Accordingly in October 1985 radical new economic policies were adopted including the auctioning of foreign currency, the liberalisation of trade and of prices generally, decontrol of interest rates through a daily

with the IMF and a further sDR 70m under the IMF's compensatory financing facility.

country's IMF programme broke down over the issues of the budget deficit and domestic money creation. With govern-In the past year, however, the

Zambian president has faced mounting criticism from within as the reform programme intensified downward pressure on output, incomes and employ-ment at a time when real per capita incomes had already fallen by 40 per cent in the past

Last December's food riots on the country's Copperbelt in which 15 people died have been followed by public sector strikes by teachers, nurses and postmen while on the mines, unions have recently rejected manage-ment's pay offer.

The President panicked in response to the riots - rescinding a 120 per cent rise in the retail price of maize meal, the staple food, reducing interest rates and suspending the foreign exchange auction for two months.

President Kaunda's decision to reverse the maize price rise and retain food, fuel and fertiliser subsidies estimated to cost well over Kibn this year, will substantially worsen the

kwacha has been the main impetus to export growth. And the reduction in donor (especially IMF) influence over Zambla's economy is likely to reduce the impetus to reform. The challenge facing Zambia

of the kwacha, as the low

is daunting. World Bank pro-jections show the country's financial requirements at financial requirements at \$2.7bn over the three years to 1989, but this assumes a marked recovery in copper output to at least 500,000 tonnes annually which many economists view as an over-optimistic target. It also assumes rapid growth in non-traditional exports. The com-bination of rapid inflation and the pegged kwacha could well put paid to these hopes.

The decision to limit debt service to a maximum of 10 per cent of export revenues—after first deducting imports needed for the copper industry, pay-ments abroad by the national airline, and fuel and fertiliser imports—means Zambia will pay its creditors no more than \$50m annually compared with obligations of over \$500m. Even with these savings the current account of the balance of pay-ments can be expected to run a \$150m a year deficit.

There is little prospect that Zambia will be able to finance this gap, as bankers and donors are unlikely to wish to support yet another change of economic direction in Lusaka.

October 1985 to more than R20 to the dollar last week — is argued to be no longer viable. Accordingly, from yesterday the But increased inflows of new money are crucial. In a report presented to a donors' meeting last December, the IMF and World Bank put it this way: exchange rate has been pegged "Without a combination of maximum debt relief and increased inflows from the donor Economists who know Zambia well believe that the policies outlined by President Kaunda community of new loans and credits on highly concessional terms, per capita consumption will continue to decline." Deprived of new long term capital Zambia's economic situaon Friday night will only make a resolution to the crisis more distant. Progress towards a more open and competitive economy

per capita output rose last year for the first time in 20 years, as well as in manufacturing, is unlikely to continue. New vention can only worsen further.

President Kaunda's weekend effect if, for example, it increased pressure on the Paris tures and products that were competitive at the lower exchange rate of the kwacha and which could obtain imports via the auction system will no longer be able to compete and are likely to be short of foreign archange.

Increase Increase

budget deficit, currently estimated at 30 per cent of GDP—

well above the 10 per cent view of the decline of the volte face is likely to be seen as ceiling advocated by the IMF.

Zambian officials say that the solution of the volte face is likely to be seen as copper industry—will be a search for an easy way out jeopardised by the revaluation that patently does not exist.

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ANNUAL MEETING Convocation for the General Meeting of Shareholders of DOCdata NV, starting at 2 pm on May 22 1986 at Novotel Hotel, Nijmeegseweg in Venlo The Netherlands

AGENDA

Opening.
Communications by the Chairman of the Supervisory Board.

Explanatory comments by the Management to the 1986

Explanatory comments by the Management to the 1986 Annual Report and the current course of business, as well as discussion of the Report.

Preliminary advice by the Supervisory Board.

Adoption of the 1986 financial statements and thereby discharge of the Board of Management from liability in respect of their conduct of affairs and discharge of the Supervisory Directors from liability for their supervision thereor.

Appointment of chartered accountant for the financial year 1987. Transaction of any other business; closure.

The annual accounts are available for perusal at the Company's office, as well as at the officesof Pierson, Heldring & Pierson N.V. in Amsterdam and in London (1 Crown Court, Cheapside, London EC2V 6JP), where free copies of them can be obtained. Holders of bearer shares wishing to attend the meeting should deposit at the above mentioned branch banks their shares or

a certificate of deposit from a banking institution, not later The deposit receipts issued by these branch banks will give access to the meeting.

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nke to expand its pase by the acquisition of a precision optical company. Brief detelle to: Box H1988, Financial Times to Cannon St. London EC4P 48Y

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FRENCH REGIONAL POLICY

Drive to break out of the rust belt

"WE CAN only say we have provided jobs for all those coming out of school," says Mr Michel Maton, chief executive of the Association pour le Renouveau Industriel (ARI), in the Nord-Pas de Calais region of France.

The task is formidable. The region is at the heart of Europe's "rust belt"—the broad swathe of industrial decline from the north of England, stand ready and waiting.

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Hazel Duffy reports on efforts to regenerate an area

ing. to promote regeneration of the Unemployment in the region closure areas, local government averages more than 14 per cent. and now the Regional Council.

This is also a region of young people. Out of a total population of nearly 4m, 36 per cent contacts made with visiting are under 20, against 32 per cent for the whole of the country. Emigration by the licise the region's positive young has long been a feature points.

country. Emigration by the young has long been a feature of this part of France. The challenge of creating jobs is therefore all the more urgent.

Despite the daunting scale of stants-Dickson (the Dickson the problem, some observers believe that the Nord-Pas de Calais could become highly successful.

Located at the centre of north-western Europe, it must benefit from communications improvements. "We have always looked outwards—north to the Low Countries, west to England, east to Alsace and south to Paris, of course," says Mr Gerard Thiriez, retired textiles magnate. "Now we have the prospect of the Channel Tunnel and the extension 1 the TGV rail network bringing Paris, Brussels, London and Cologne even closer. Lilie could be almost a suburb of Paris."

Located at the centre of north-western Europe, it must be biggest suppliers of sun awnings. The Bull computer company has invested FFr 220m (£22m) in a highly automated showpiece plant near Lille.

Local promotional effort is complemented by support from government. In the 1960s and 1970s this took the form of extilles magnate. "Now we thave the prospect of the Channel Tunnel and the extension 1 the TGV rail network bringing Paris, Brussels, London and Cologne even closer.

Lilie could be almost a suburb of Paris."

Located at the centre of inorth-western Europe, it must business to become one of the biggest suppliers of sun awnings. The Bull computer in computer of savings. The Bull computer is the Nord-Pas de Calais also has one of France's first three enterprise zones, set up recently in Dunkirk. Ten-year corporate carrot in trying to attract industry to the port.

Suffering is no stranger to first two the prospect of the Calais, notably the vehicle industry. State research bodies were dispersed around the country. More recently, technological education institutions were set up in towns with more efficient mines being opened up elsewhere.

His novel, Germinal, helped to sow the seeds of French

from the north of England, stand ready and waiting. through southern Belgium, northern France, to the Ruhr in Germany.

The read of the Ruhr in Germany. in Germany.

In the past 15 years, around a government rescue. It is too 400,000 jobs in coal, steel, ship-building and textiles have gone from the Nord-Pas de Calais.

minimum to be involved in renewal, rather than wait for a government rescue. It is too 400,000 jobs in coal, steel, ship-building and textiles have gone Mitterrand's decentralisation exercise has contributed much to this "self-help." Confusion reigns over whether the regions have benefited much from the devolution set in train in 1982, and over the Chirac Government's policy.

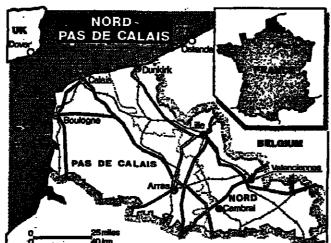
hit by the decline
of heavy industry

More are scheduled to go as shipyards close in Dunkirk, the remaining coal mines shut and the French steel industry continues its painful restructure.

Government's policy.

Home-grown co-operative efforts to promote a region have a long tradition in France, despite the highly centralised structure of government pre-1982. Chambers of commerce in the Nord-Pas de Calais work with the regional wing of Datar (the state development agency), the agencies set up the coal and steel industries to promote regeneration of the

against 11 per cent nationally. Industrialists have subIn the coal and steel closure
areas, it is much higher. where the technological
This is also a region of young achievements of local com-



Oldham, part of the Hawker

important challenge.

State aid to encourage industrial investment in the regions France's generous system of has been cut heavily in the past three years. But the French Government still has a strategy for economic renewal.

Government still has a summer for economic renewal.

For fastance, Nord-Pas de Calais has been selected as a study area for the European Community's new programmed to stimulate technomic of the stimulate techno area is being used in France's urba 2000 programme, aimed at bringing electronics into the domestic arena, which has already had a manufacturing spin-off.

A century ago. Emile Zola had chronicled

of Paris."

were set up in towns with

His novel, Germinal, helped

For the staunchly independeclining industries, like to sow the seeds of French
dent citizen of Lille, the last Valenciennes.

involve the state, although private sector venture capital is beginning to come in.

The Groupe Mulliez, which includes Auchan hypermarkets, self-service restaurants and Phildar hosiery, based in this part of France, has set up a fund with the Societe Generale

Finorpa, set up by Charbonnages de France three years ago to cope with the aftermath of coal mine closures in Nord-Pas de Calais, will take minority equity stakes on a temporary basis as well as making unsecured loans at preferential rates, or even deferred interest. Finorpa's target is to help companies employing between 10 and 50 to expand. In three years it has spent FFr 300m in ventures which have created

Several funding avenues

have opened up in the past few years

people who want to work for us.

There is very little turnover of staff; the quality of their work is high, as is productivity."

around 5,500 jobs, with the expectation of another 3,000.

However, its financial base is only secure until 1988. Meanwhile, Sodinor, set up by the Usinor group with similar aims, has virtually used up its funds around Valenciennes. After coal and steel closures, more than 25,000 left the area between 1975 and 1982. "It was Siddeley group, was asked to go to this part of France by the government after the last war, to produce portable batteries for miners' helmet lamps. It now supplies half of its export

market for industrial batteries, a local disaster," says Mr including the US, from Arras.

One of the problems in estab.

One of the problems in estab. One of the problems in estabpoints to some brave new starts, like leisure shoe manufacture.

One of the problems in estab-lishing a new economic base in the area, and in similar ones in northern Europe where heavy industry used to be supreme, is that the tradition has been to work for others, not for oneself. To change this culture is an important challenge. "The problem is the children of those laid off," says Mr Dussart, who works at Usinor's former mansion-like offices, now echoing with a handful of staff left to pick up the pieces. "But I am hopeful for Valenciennes. Several avenues have opened It has good geographical links up in the past few years providing funds for start-up companies. It will come back."

EUROPEAN INVESTMENT BANK

NOTICE

to the holders of the outstanding YEN 14,719,000,000 EUROPEAN INVESTMENT BANK JAPANESE YEN 15,000,000,000 8¼ PER CENT. BONDS DUE 15TH JUNE, 1992 (the "Bonds")

> EARLY REDEMPTION ON 15TH JUNE, 1987 of all the Bonds by the EIB

NOTICE IS HEREBY GIVEN that, in accordance with the conditions of the Bonds, the EIB will on 15th June, 1987, (the "redemption date") redeem all of the Bonds then outstanding at 101 per cent of their principal amount together with interest accrued to such date. Payments of principal, premium and accrued interest will be made on and after the redemption date in the manner provided in the Conditions against surrender of Bonds, together with all appurtenant Coupons maturing subsequent to the redemption date. The amount of any missing, unmatured Coupons will be deducted from the sum otherwise due for payment. Interest on the Bonds shall cease to accrue from and after the redemption date.

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May, 1987

European Investment Bank

NOTICE OF REDEMPTION

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To: The holders of 16% Debentures, Series DL, Due 1989 of BELL CANADA

NOTICE IS HEREBY GIVEN pursuant to the provisions of the Trust Indenture dated as of July 1, 1976 between Bell Canada and The Royal Trust Company, as Trustee, and indentures supplemental thereto including the Eighth Supplemental Trust Indenture dated as of June 9, 1982 (collectively the "Indenture") that all of the 16% Debentures, Series DL, Due 1989 (the "Debentures") of Bell Canada outstanding under the Indenture will be redeemed on June 9, 1987, at a price equal to 100.5% of the principal amount thereof plus accrued interest to the said redemption date of June 9, 1987 (the "Redemption Price").

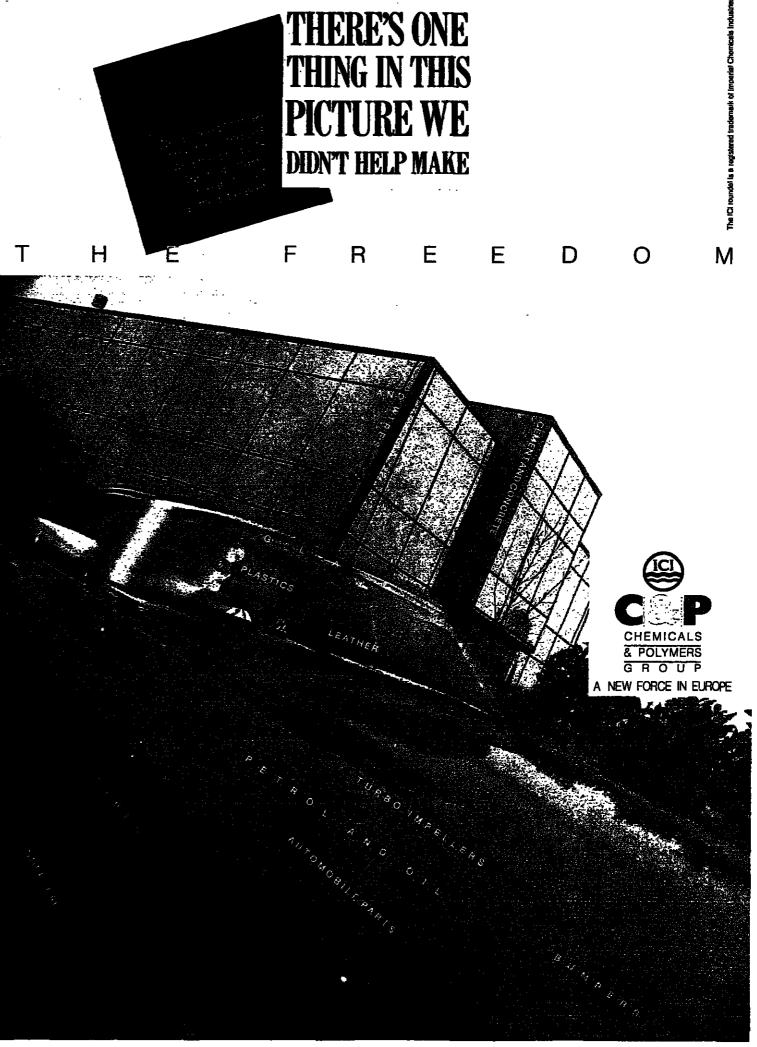
The Redemption Price of each of the Debentures will be paid in lawful money of Canada on presentation and surrender of each of the Debentures at the main office in Montréal of Bank of Montreal, or, at the holder's option, at the main office of Morgan Guaranty Trust Company of New York in Brussels, of Bank of Montreal in London (England), and of Union de Banques Suisses (Luxembourg) S.A. in Luxembourg. Each of the Debentures so surrendered must be accompanied by all unmatured coupons appertaining thereto.

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AND NOTICE IS FURTHER GIVEN that interest upon the principal amount of the Debentures shall cease to be payable from and after the said redemption date of June 9, 1987.

Bell Canada

DATED: May 5, 1987





"I always tell my secretary-get me on Lufthansa."





Londoners—on canvas, on paper

that life can afford": "Soveraign of cities, semeliest in sight": ... the great wen of all ": "Pussy cat, pussy cat, where have you been? I've been up to London to look at the Queen."

We are all Londoners to some degree, though our more self-conscious provincials might be fresh in the mind's eye of the loath to admit it. What is true artist, with which freshness of all true capital cities is most certainly true of London, that it stands as epitome, cynosure and abstract of the nation. The tourist will come as he always has, the perennial outsider, curious and conspicuous, to see the sights, complain of the natives and be abused in his turn. The provincial will come up to Town on his necessary occasional business and the chances besides of sophisti-cated metropolitan interest and

And there are the Londoners And there are the Londoners themselves, who make the place what it is as they go about their daily lives. They may take it for granted, ignore its beauties, underplay its excitements and advantages, patronise its visitors, abuse its partonise its visuois, abuse its privileges, and yet still they remain, in their obscure and secret way, proud of their great city and its place in the

Dr Celina Fox, Keeper of Art at the Museum of London, has taken these Londoners as her subject in the exhibition she has arranged at the museum (until August 2; sponsored by Chase daily except Mondays), and in the book she has writ-ten (Thames & Hudson: 272 pp; 257 illus; £20 or £9.95 paperback) as its complement.

Indeed, though book and show march so closely together, treating the material in the same order, section by section, and holding so much of it in common, they remain quite dis-tinct. For the book is no cata-

works themselves in their physical presence on the wall, with the free artist as it serious moments, neither show city make the city. We only were fresh on the canvas or the page. There are a few large,

liness and variety of detail and poignant circumstances, all human life indeed about to climbon board,

But for so much of the rest. the sense is rather more of the image as it was directly noted artist, with which freshness our own experience can immediately identify. By a curious paradox the obvious changes and differences seem even to make that indentifi-cation all the more immediate

way from the Tower to West-minster in 1547, through what seems to us a mere village or country town, yet state pro-cessions were ever thus. In a more sinister vein, there must still be some alive whose parents were present at one of the last few public executions

and direct. The state procession of King Edward VI winds its

William Packer reviews a city's view of itself and its companion book

outside Newgate. But though the memory fades, the image still baunts the imagination. Gericault's extraordinary drawing, which he never completed, of the Cato Street conspirators on the scaffold in 1820, being prepared for the drop, is a riveting image of true, humane horror. Rowlandson, one of the recurrent stars of this show, gives us on the other hand what was known to be all the fun of the fair on these occasions, with the last-speech pedlar shouting his wares as the bodies still swing above and beyond the

common, they remain quite distinct. For the book is no catalogue but rather amplification and development, bringing to the subject in terms both of actual images and scholarly exegisis, so much more than the scope of the exhibition could ever allow.

The exhibition is full rather than dense and, wearing its erudition lightly, celebrates the works themselves in their play-

Pearly King and Queen (1939), pen-and-ink drawing by Ceri Richards

in the Museum of London

"Oh, London is a fine town, a very famous city, where all course, such as Logsdail's late the streets are paved with gold, and all the maidens pretty":

"... for there is in London all Station, with its wonderful live them in the book, a brief encapsulatory text at each interval is quite enough to point the exhibition. It is this discretion, almost as much as the work itself, which allows the show a life of its own, and the viewer the privilege of looking first in his own time and read-

ing later.
Thus Dr Fox takes us briskly through the diversions of The Crowd, introduces us into Society, shows us the working lives of Merchants and Craftsmen, Servants and Street Traders, Labourers and The Poor. She can only do so much, and it is a measure both of her success and comparative failure that we should leave the exhibition as we close the book, wishing for more.

There is frustratingly little material available before the 16th century, and since this is no exercise in contemporary observation, and she has chosen to exclude photography alto-gether, her effective scope is the 300 years or so from 1600, with the 18th and 19th centuries especially strong.
Images of this century do

appear, more in the book than in the show, but perhaps more use should have been made of them, especially to make the point of the continuity of city life, high and low. Indeed, her dozen categories readily suggests a dozen more In particular. gest a dozen more. In particu-lar, the social life of London, and the public sports and amusements of Londoners, ask amusements of Londoners, ask for a fuller treatment, from the coffee houses and clubs of 18th century St James's, to Tissot's Greenwich and Whistler's Chelsea, to Sickert in the Music Halls of Camden, John at the Café Royal, Laura Knight at the Career to Stonley Spences. the Circus, to Stanley Spencer on Hampstead Heath, and Edward Ardizzone in the Public rowd.

Bar And where are Racing
Most extraordinary of all, and Football, Cricket and Box-

Temptation/The Other Place

Michael Coveney

There is a cracking new play Bunter's friend would have said duction supplied, in the very to join Doug Lucie's Fashion in the RSC's Other Place in Stratford-upon-Avon: a Faustian allegory of espionage, ideological on the RSC and gives what will experimentation and double- have to go down in the awards talk in an unnamed country. Ceremonies as the sweatiest per-The author is Václav Havel, the Charter 77 signatory still de-tained under home arrest in prague. Havel's creative rest Prague. Havel's creative rest the banner of science. believe he has not seen a play ter for our times and no misof his performed for years — is take. His Mephisto is a cheerily one of the great artistic advenodiferous, down-at-heel fellow
tures of our day, and one of its
called Fistula, whom David
heroic tales too. In Tom StopBradley presents as a scowling heroic tales, too. In Tom Stop-pard's version of his Largo Deso-lato at the Bristol Old Vic last year, his understandable para-nois seemed to be getting the better of his dramatic instincts. But with Temptation, spiritedly translated by one of his key British supporters, the redoubt-able George Theiner of the In-dex on Censorship magazine, Havel writes in the more explo-

famous play The Memorandum.
At first we are not sure whether the Director is addressing colleagues or inmates of the scientific institute. Jung's writings are in circulation and the programme is threatened by a dabbler in various other of the banned hermetic writings. need for toeing the hierarchial This Aleister Crowley of the line. This summary of the congular turns out to be Dr tent makes the evening sound Foustka who operates behind worthy, which is the last thing

of the fat owl's appetite, is terrific. John Shrapnel, fresh from other furtiveness in the

hobo equipped with beret, plastic bag and a most necessary change of shoes. This intellectual renegade is dubbed either contemporary magician or agent provocateur. From this point in the play, the acquisi-tion of knowledge is put on a par with its dissemination. Hence the ideological richness of the play, as heresy and con-formism are refracted through

The reverberating dimensions are medical as well as sexual, and the issue of freedom of speech and responsibility to the source of that freedom is ironically equated with the need for toeing the hierarchial Foustka who operates behind worthy, which is the last thing This is closed doors as a follower of that could be said, I am glad power pre-scientific religion and a to report, of either Havel's porary sadistic sexual fantasist. The marvellous theatrical energy or short, furtiveness of all this, as Billy the splendidly tumultuous pro-

the weird, surreal social life of

the institute.

best traditions of this venue, by Roger Michell.

The tempo of the proceedings is much governeed by Jeremy Sam's score of Valses Macabres, Weillian tango and smoky jazz entractes. These are beauti-fully played by a trio residing above a Stratford company which looks as strong as any assembled this season if you discount the form so far on the main stage.
This show is notable, for

instance, in Paul Webster's confident occupation of the Director as a livid little ferret reduced to pouring out his soul on a garden bench to Foustka with offers of after dark com-panionship. Mr Webster has never been seen to better effect at the RSC. And there is excellent work from Barrie Rutter as his fawning deputy, Shirley King as a dumb wifely appen-dage who turns like any true worm, Julie Legrand as the exotic accomplice in Foustka's jealousy games, and Ian Bar-ritt who learns to keep on the right side of the boss by sleep-

ing there.
In all, the impression, brilliantly sustained, is of public counterfeit washing over dark and stabbing scenes of private and stationing scenes of private altercation and discussion con-ducted in a whisper, removed from the glare of light bulb, lamp, or fresh liberating air. This lends the play a peculiar power and chilling contemporary value. Temptation in short, and as always, is hard to



Helen Field

Daphne/Grand, Leeds

Max Loppert

Daphne, Richard Strauss's brilliant theatrical images. bukolische Tragödie " (Op. 82) might have been an ideal choice in one act, was completed in for such a work. In the event, in one act, was completed in 1937 and first performed (in Dresden) a year later. Before Friday's Opera North opening it had been heard in this country only on record; the occasion was therefore one of great importance, and also of some musical splendour. There are reasons why this opera has not formed part of the worldwide rediscovery of late Strauss—the less good features of Philip Prowse's production (in his own designs) made the

point especially clear. But Daphne contains a great deal of beautiful music, in Strauss's most tender, limpidly scored, neo-pastoral "final phase" manner; and, having heard it in a theatre of Grand intimacy, played and (for the most part). played and (for the most part) sung with considerable distinction, one could only add another medal of honour to this young company's already sizeable

collection.
The usual charge posed against Daphne is that it is inherently untheatrical — slow and static in dramatic substance, hard to realise in those few events it does produce. Strauss had already lost Hof-mannsthal (dead in 1929) and the Jew Stefan Zweig (who had left for Switzerland after the librettists; and Josef Gregor, Zweig's replacement, though his awareness of Strauss's Attic sensibilities was to bear fruit in both Daphne and Die Liebe der Danae, was no great master

of the operatic word. It is true that the libretto of Daphne is heavy, verbose, insistently literary in tone; but the shape of the action is supple, and the balance consistently well-judged. But the problem with the opera, rather, is that its drama is reposed entirely is drama is reposed entirely in the music — is, indeed, the music — and that any production which fails to take its tone and character wholly from the score will inevitably make it seem an unwieldy, even unworkable dramatic vehicle.

The very first bars, with their "Daphne motive," wide-spaced diatonicism, and translucent wind-band scoring, sum up the work's character and artistic environment; in this opera a protagonist unable to grow up escapes, in the magical final bars, into pure music itself (the last we hear of Daphne is, of floating out of the laurel tree into which she has been transformed). How this "escape into music" represented the inner desires of an old composer in equivocal relationship with his times (and his Nazi masters) must remain the subject of fascinating, but ultimately fruit-

and in spite of an ingenious and attractive basic set (an arrangement of promontories surrounded by an enclave of gold-leafed hedges and roofed by a collapsible canopy), his staging gives the powerful intermittent impression of at-a-lossness, of a quizzical modern theatrical in-telligence unable to work out what to do with so stubbornly music-dominated a work.

The lumpish treatment of the shepherds (who stomp around glumly in black dungarees) and the final appearance of Apollo as a Coward figure in evening draws with all property and the state of the state dress with cigarette case suggested a vein of irony either ill-realised or inapposite the Turandot-like exotic creatures who whiz about in Geoffrey Cauley's choreography during the Dionysiac celebration raised a pained smile. The characters themselves and the words they have to sing (heard here in Maria Massey Pelikan's translation) are left more or less to their own devices; there is a blankness at the heart of this performance, luckily, and in the authentic Straussian way, some expert orchestral playing under David Lloyd-Jones (excellent wind and brass) and a

radiant account of the title role by Helen Field help to fill. I was unprepared for the Miss Field's Strauss singing. Perhaps the voice lacks the true strahlend quality of the German soprano type for which Daphne's music was written, but her efforts in keeping it rounded, sweet-toned and easy throughout the exacting wide range of the vocal line prove for the most part extraordin-arily successful. The presenta-tion of the young girl, free-spirited, agile, and lissome in loose white cheesecloth, is the most appealing part of the pro-duction; and though the final transformation is crudely managed. Miss Field herself floats the final pages with wonderful

freedom. accounts of her Wagner-des-cended parents Peneios (Sean Rea) and Gaea (Patricia Payne. who deals well with the low E flat to which the part twice sinks). The two main tenor parts offer further evidence of the composer's near-inability —
if it was not a total lack of sympathy—in writing for that cate-gory of voice; Peter Jeffes in the lighter role of Leukippos makes an ardently lyrical im-pression, but William Lewis sounds more strained than heroic as Apollo. (Like Jupiter in Danae, this portrait of a god who abuses his powers and then regrets doing so is a noble creation.) An evening both short (an hour and threeless, speculation. quarters) and full that is Prowse, a manipulator of sum, well worth attending.

Jorma Uotinen/Brighton Festival

Clement Crisp

began on Friday, made a brave start to its dance productions by inviting Jorma Uotinen to give performances of his Scream at the Gardner Arts no less powerful projection of Centre. Mr Uotinen is Finnish, feeling expose the desperate imaginings of a young man Carlsen when she was working at the Paris Opera, and currently ballet-master and chore-ographer of the Helsinki City Theatre. He has also created for the Finnish National Ballet, and his work uses dance as springboard into a more theatre-orientated form. Scream, which dates from 1984, would to be a convincing example of his

which has urgent physical ex-pression as well as a vivid communication of emotional mal patterns to confirm the sub-despair amid a flood of sexual liminal links between the memories. The lost beloved ap-pears as a vision—Helena Lind- commentary upon it.

The Brighton Festival, which gren is seen as a spectral figure, egan on Friday, made a brave partly clothed, then naked, finally as a mourner, at the back of the stage—but the demands of the piece fall on Mr Uotinen, whose powerful technique and

Scream, is danced to, and with, Schubert's Death and the

a pair of women's shoes, are the properties on which the dance focuses. These, and the excellent lighting by Claude Naville, are the necessities of a staging brought to life by Mr Uotinen's controlled passionate performance. He produces a remarkable range of movement, from persure that seems form from his gesture that seems torn from his psyche as he clutches his mouth Maiden quartet (wildly over-in a scream, to bursts of wild amplified), and Mr Uotinen energy and moments when arm establishes a sure relationship positions either float in the air between score and dance, most or move in an arc of strobe-like intriguingly in the second moveis work uses uance as spring oard into a more theatrerientzed form. Screem, which is test from 1984, would to be convincing example of his tyle.

It is a solo about grief at He is not slavish in following actor miming grief.

The lose of a beloved—loss the music, but pins dynamic and the score's length proves

A table, a chair, a frock and

effects — stamping, repeated and the score's length proves gestures — into Schubert's for- a slight problem, but all in all this is a performance by a strongly communicative and imaginative talent, well worth seeing.

Orpheus in the Underworld/Coliseum

Martin Hovle

Gerald Scarfe's designs sets the tone for Offenbach's Orpheus at the Coliseum. English National Opera's first revival of last season's success confirms initial misgivings: not only does the exuberantly inventive visual side come near to swamping the stage goings-on, but the abrasive comment implicit in the sets and costumes actually the sets and costumes actually comedy, including strenuously defines an attitude, something untidy choreography for bees that David Pountney's produc- and flowers, is laid on with a tion uncharacteristically seems trowel.

unwilling to do. Rows of trim houses with giant human-visaged chimneystacks, grim or demure, swivel

The audience enthusiasm for real vices which lie elsewhere in the highest reaches. than in sexual hypocrisy. In-deed, sex comes in for traditional un-liberated mockery, as aptly s with poor John Styx, got up as deity. a corseted sado-masochist. Little of the new translation

(Pountney and Snoo Wilson) comes over. Aristaeus's open-ing couplet on his bees strikes a promisingly Bea Lillie-like note of arch propriety which is soon submerged when the Among the individual per-

formances, Terry Jenkins as Orpheus resembles a hairier version of Albert the Good until stacks, grim or demure, sweet the state of the control of reveal the depravity to reveal silver-lame suiting and an instrumental ability. The programme quotes both Mary Whitehouse and Mrs. Thatcher's "Victorian values" teeth and feet that recall Jimi a horror film; the embrace with Hendrix. Lillian Watson's creed (essentially minority attitudes, surely?), thus missing the chance of satirising today's marred only by a slight strain drilled musical performance.

revival sponsored by Mercury Communications the show is aptly stolen by that quicksilver Bonaventura Bottone bounds on, does a tap routine, leers at the adoring audience and confirms that his hilarious

Nanki-Poo was no fluke. Sally Burgess's Public Opinion, a Mrs T clone trundling on in a marvellous cross between a bustle and a black between a busile and a black bombazine pulpit, is slightly squally under pressure—the Act 1 finale needs the incisive-ness of Felicity Palmer's battleaxe Katisha—and that stalwart of style Emile Belcourt, is a muted king of Hades, on the first night in dry, wavery voice. Richard Angas makes an im-

Arts Guide

NETHERLANDS

Utreebt, Vredenburg, Antoni Ros-Mar-be conducting the Netherlands Phil-harmonic, with Augustin Dunay, vi-olin: Beethoven (Thur), Recital Hall:

Viktor Liberan, violin and Alexan-Music der Warenberg, plano: Beetho (Tue). (31 45 44). PARIS Gerard Parmentier, piano: Bach, Bu-soni, Schubert, Brahms (Wed), Salle soni, Schubert, Brah Gaveau (4563 2030).



BaseRate

BCC announces that from 5th May 1987 its base rate is changed from 10% to $9\frac{1}{2}$ % p.a.

BANK OF CREDIT AND COMMERCE INTERNATIONAL SOCIETE ANONYME LICENSED DEPOSIT TAXER LEADENHALL STREET, LONDON ECIA SAD Les Arts Florissants, William Christie as conductor and harpsichord solo-ist: Lully, Charpentier (Wed). TMP-Chatelet (4233 4444).

LONDON cyal Philhermonic Orchestra con-ducted by Antal Dorati with Anne-Sophie Mutter, violin. Brahms. Roy-al Festival Hall (Tue). (928 3191).

Carnegie Hall: Isaac Stern violin reci-tal. Mixed programme (Tue); Ora-torio Society. Lyndon Woodside con-ductor. Mozart Elgar (Wed); Phi-lippe Bianconi piano recital. Mixed programme (Thur). (247 7800).

WASHINGTON National Symphony (Concert Hall): Hugh Wolff conducting Kathleen Battle sopreno. Mozart, R. Strauss (Tue): Rafael Fruhbeck de Burgos conducting. Jose Feghali plano. Stravinsky, Liszt, Beethoven (Thur). Kennedy Center (254 3776).

CHICAGO

Chicago Symphony Youth Concert (Orchestra Hall): Kenneth Jean con-(Orchestra Hail; Kenneth Jean con-ducting, Stravinsky, Saint-Saens, Rimsky-Korsakov, Haydn, Mus-sorgsky, Donald Erb, Fucik (Tue, Wed, Thur, 10.30 and 12). (435 8111). Chicago Symphony Chamber Series (Orchestra Hall; Virtuosi di Landol-fi. Prokofiev, Uhl, Ives, Maxwell Davies (Wed, 5.45). (435 8111).

TOKYO

Atsuko Jinzai, piano. Haydn, Brahms, Schumann. Tokyo Bunka Kaŭkan. Recital Hall. (Tue). (573 3588). Ensemble Franc. Tchaikovsky, Mahler. Schoenberg, Ishihashi Memorial

Opera and Ballet PARIS

Elektra conducted by Kent Nagano with Helga Dernesch, Gwyneth Jones and Cheryl Studer alternates with Magny Marin's ballet Lecons de Tenebres to Couperin's music conducted by William Christie in which light is created out of chaos and darkness. It is followed by Laz-zini's La Fille Mal Gardee in a re-

zmrs La Fille Mal Gardee in a re-freshing pantomime version. Paris Opera (4286 5022).

Pina Bausch and the Wuppertal's Tanziheater reveal through re-morseless questioning the essential in man in two alternating pro-grammes: Gebirge and Kontakthof. Theatre de la Ville (4274 2277).

Ballet Antonio Gades at the Palais des Congres (4288 2075)

Congres (4288 2075). LONDON

Royal Opera, Covent Garden: The double bill of Stravinsky's Nightingale and Ravel's L'Enfant et les sor-tilèges that introduced David Hockney as a Covent Garden designer a few years ago returns with David Atherton as conductor, Ann Murray once again leading the Ravel, Phyl-lis Bryn-Julson's high soprano now being heard in both pieces, and a large cast of singers and dancers to undertake John Dexter's rather unmusical but quite lively productions. Last performances of Otello, with Vladimir Atlantov as a stentorian hero, and Julia Varady as Desdemoaducted by Edward Downes.

na, commerce by Edward Downes. (249 1086). Inglisch National Opera, Coliseum: Orpheus in the Underworld, an ENO Offenbach show more famous for Gerald Scarfe's elaborate designs than for real wit, satire, or Offenba-

chian zest, returns to the house for a round of performances led by Terry Jenkins, Lillian Watson, Emile Bel-court and Richard Angas, conductor James Holmes. Further performance of the Don Giovanni revival excitingly conducted by Roger Nor-rington; Simon Boccanegra, in Dav-id Alden's dreary surreal staging, is at least well sung (by Jonathan at least well sung (by Jonathan Summers, Gwynne Howell, and Ja-nice Cairns) and conducted by Mark

WEST GERMANY

lamburg, Staatsoper: Don Carlos stars Margaret Price, Nicolai Ghiaurov, Giacomo Aragall and Giorgio Zacanaro. Hamburg Ballet Days Frankfurt Opera: Orpheus in der Un-

Elder with genuine Verdian sweep

terwelt in Jürgen Tanchina's pro-duction, with Sharon Markovich and Hens Peter Blochwitz. La Bohème has a particularly stong cast with Alberto Cupido and Yoko Watanabe, conducted by Michael Boder. Busoni's rarely played Doktor Faust returns with Gunter Reich in the title role. William Forsythe's new bal-let The Loss of Small Detail rounds off the week. (2 56 21).

Cologne, Opera: Fidelio has fine inter-pretations by Maria Slatinaru, Hans Günter Nöcker and Hermann Winkler. Zar und Zimmermann brings Marianne Hirsti, Ludwig Baumann, Martin Finke and Ulrich Hielscher together (2 07 61). Staatstheater Stuttgart: Cav and Peg

has fine interpretations by Eva Ran-dova, Wolfgang Probst, Julia Con-well and Raymond Wolansky. Mad-ame Butterily takes the leads Car-men Mammoser, Awilda Verdejo, Karl-Heinz Eichler and Mark Mun-

kittrick. Don Giovanni, sung in Ital-ian, stars Inga Nielsen, Wolfgang Schöne and Roland Bracht, Falstaff is a well done repertoire perfor mance. (2 03 21).

NETHERLANDS msterdam, Muziektheater. Still Wa-ters performed by the Carolyn Carl-son dance group (Wed). Premiere of the Netherlands Opera production of Puccini's Madam Butterfly direct ed by Monique Wagemakers and deed by Hermann Soherr. The ds Philharmonic conducted by Charles Badea, with Hiroko Nishida (Cho-Cho-San), Franco Farina (Pinkerton), Judith Christin (Suzuki), and Malcolm Donelly (Sharpless). (Thur). (255 455). reda, Concordia. The Nederlands

Dans Theater with The Unsung (Limon) and L'Histoire du Soldat (Ryl-ian/Stravinsky). (Tue). (13 57 00). The Hague, Koninklijke Schouwburg. Rosalind Newman and Dancers from the United States (Tue). (46 94 50).

(46 94 50). cheveningen, Circus Theatre. The National Ballet with Before Nigh-tfall (Christe/Martinu), Corps (Van Manen/Berg), Seventh Symphony (Van Schayk/Beethoven (Thur).

City Center Paul Taylor Dance Compa-

New York City Ballet (New York State Theater): More than 40 works by Balanchine, Robbins, Peter Martins and other choreographers will be part of the two-month-long 86th season, including the new works by Martins set to music by Handel and Michael Torke. Ends June 28. Lin-

Black Flowers/Soho Poly

Martin Hoyle

The hour-long two-hander in brave Bishop Preysling. One of this little basement theatre off the few Catholic churchmen to Great Portland Street takes as its starting point the potent image of the merry-go-round near the walls of the Warsaw Ghetto, where children played as the exterminations con-tinued. Robert Jakobsson re-searched Nazism for two years to compile this impressionistic montage of recollection, fau-tasy and aspiration.

The Swedish Teater Albatross returns to Britain after successful performances at last year's Glasgow Mayfest. Both theme and content—eye-witness state-ments of atrocities, the auto-biography of survivors, the words of such ranking Nazis as Goering—almost defy criti-cism. Unfortunately the abstrusse stylisation of much of the action and the sometimes incomprehensible English of the actress Nadia Scapoli (possibly a more important factor in London than Glasgow) render the evening heavy with portent and load it with bathos.

Mr Jakobsson is his own leading man, and plays Jewish and Nazi characters besides show lacks shape and clarity.

oppose the genocide in Germany, he is here seen miming the typing of a letter to the Pope on a huge invisible keyboard high above his head. A similar stylisation turns the great-coated German into a flapping bird of prey lolloping around the stage. Both performers break off to dance to haunting mid-European melo-dies, and Mr Jacobsson slouches and stamps into an imitation of the death-trains. He also dances with glass flasks as he rhapsodises about building a monument to the future, recalling Chaplin's number with the globe in The Great Dictator. His words are clearer than those of his companion. His jerky and occasional breathless rhythms are at least intelligible. Miss Scapoli unforgivably fluffed and stumbled over the harrowing account of the murder of Jewish babies by German guards. The courage of both

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Tuesday May 5 1987

A yen for **J-curves**

EXPECTATIONS OF last week's talks between President Reagan and the Japanese Prime Minister Mr Yasuhiro Nakasone were never more than modest. As Churchill might have put it, both men have reached a point in their political careers where they have a great deal where they have a great deal to be modest about; and as far as the huge trade imbalance between their respective countries is concerned, the pro-nouncements from Washington at the weekend simply confirm

at the weekend simply confirm that neither has much room for manoeuvre.

In President Reagan's case the limitations are self-imposed and short-sighted. The US trade deficit is a reflection of the large imbalance between savings and investment that has opened up in the US economy since the tax cutting programme of 1981. By refusing to address the resulting increasing taxes, this supposedly liberal president has made a notable contribution to the build-up of protectionist trees. Fivate cappain is reluctant to take over from the dollar until the current account imbalance stops deteriorating. Yet the current account figures exchange rate stabilises, to let the succession of so-called on the US side because the dollar has not been devalued against other Pacific economies. The US deficit may thus take longer to correct as South proceeding increasing taxes, this supposed and short-sighted. The US deficit may thus take longer to correct as South proceeding increasing taxes, this supposed and short-sighted. The US deficit may thus take longer to correct as South proceeding increasing taxes, this supposed and short-sighted. The US deficit may thus take longer to correct as South proceeding increasing taxes, this supposed and short-sighted. The US deficit may thus take longer to correct as South proceeding increasing taxes, this supposed and short-sighted. The US deficit may thus take longer to correct as South proceeding increasing taxes, this supposed and investment that the current account imbalance stops deteriorating. Yet the current account imbalance stops deteriorating.

The use of the current account imbalance stops deteriorating.

The use of the current account imbalance stops deteriorating.

The use of the current account imbalan the build-up of protectionist pressure in and out of Con-

In contrast, Mr Nakasone has shown more impressive leader-ship qualities. But having recently failed to railroad the Japanese Diet into accepting his sales tax proposals, he has jeopardised any possibility of structural reform in Japan's heavily distorted land market or liberalisation in agriculture, which together hold the key to the longer term reduction of the trade surplus.

Vicious circle

Against this political background, the real need is to buy time to prevent further trade friction until structural reform becomes feasible again. On this score it is hard to generate much enthusiasm for the two genuine novelties that Mr Nakasone pulled from his hat in Washington. The proposed reduction in short-term Japanese interest rates could well do more to promote specu-lation on the Tokyo stock market than to stimulate domestic demand or prompt dollar-shy Japanese investors back into this week's US Treasury bond auction in strength. As for the plan to direct more capital to the Third \$30bn can be absorbed.

The irony in all this is

the yen has already appreciated more than enough to cause a significant fall in the volume significant fall in the volume of Japanese-US trade, even though the Japanese trade surplus continues to rise in dollar terms; by the same token, the rise in the value of dollar imports into the US tends to mask the upturn in the volume of US exports. The result is that policy is trapped in a vicious circle. Private capital is reluctant to take over from the reluctant to take over from the

time, US bond markets become more nervous about import cost inflation as the dollar plunges further.

Speculative bubble

The most painful way out of the impasse is to tighten US monetary policy, thereby slow-ing growth at home and exacerbating the debt problem in domestic and international markets. The more sensible prescription is a sizeable US issue of foreign currency bonds, along the lines adopted by the Carter Administration in 1979. This would give a firm signal to the markets that the dollar was solidly underpinned, because any further devaluation would cause swingeing increases in the dollar cost of servicing the fast appreciating foreign currency debt. It would also mop up excess liquidity in Tokyo, so helping stave off a financial crash that is beginning to look a serious possibility.
The US Administration hostile, partly because President Reagan is reluctant to follow in his predecessor's footsteps. But as long as Congress persists in measuring trade performance in current deliver instead of looking at dollars instead of looking at balance, this is the best short term way of taking the heat out of the US-Japanese trade war and damping down the speculative bubble in Tokyo.

weeks later when Mr Meese announced, after a brief informal inquiry, that up to \$30m (£18m) of profits from the arms sales had been diverted to the Nicaraguan Control World it remains to be seen term way of taking the heat out how easily or efficiently this of the US-Japanese trade war

New ways with nuclear waste

smart about-turn on its policy for the shallow burial of nuclear rubbish no doubt set anxieties are soundly based. Ex-

gan a nuclear waste policy. The decision to abandon the idea of shallow burial was, it idea of shallow burial was, it must be said, right: whatever the technical merits of the scheme, popular fears of nuclear radiation have become so strong that planning consent could not have been won at any of the four sites without a major battle. Much national sympathy would be with the local objectors. In this case, the authorities would not have been able to argue, as they did at the Sizewell nuclear power station inquiry, that their proposal for wastes with low levels of radioactivity was the best and safest available.

The alternative is to bury them deep—perhaps a quarter of a mile below the surface— with the more dangerous "intermediate" level wastes, as is done in Sweden and West Germany. A planning inspector might well have judged this preferable, since it is, as the Government now concedes, an even safer method. The Government and the nuclear industry radioactive waste executive (Nirex) are therefore wise to avoid the contest and to opt for deep disposal.

Fallible experts

Even so, the decision was reached in a shambles of muddle and bad timing, which provoked all too plausible allegations that the Government gave way to short-term electioneering pressures in the four Tory constituencies where shallow burial sites were being investigated.

level wastes, has been campalguing against fierce opposition for a new shallow burial site in addition to the nuclear tip at Drigg in Cumbria. Nirex and its owners in the nuclear industry have repeatedly assured the public that shallow burial was safe, cheap and necessary. The industry has been privately intolarent of opposition to its intolerant of opposition to its facts understood. Above all, it schemes for waste disposal, and must convince the public that its public relations have often the authorities' new goal is as been intept. Although much near as possible to absolute opposition to nuclear waste disposal, and the lawart careful is no doubt hand on fear posal is no doubt based on fear safety at the lowest cost.

Government's and ignorance, the industry has on its policy been far too slow to recognize w burial of that some of the public's the bells ringing in four perts are soundly based. Experts are fallible: for example, official assurances that the constituencies, but it also provided a lesson in how not to would disappear after a few official assurances that the effects of Chernobyl radiation would disappear after a few months proved wrong. A year later the movement and slaughter of sheep are banned in some parts of Britain.

Absolute safety

Until last week the Govern-ment had given fairly vigorous support for the idea that a new support for the idea that a new shallow burial tip was needed, pressing ahead with a special development order for test drilling at the four possible sites, only one of which would have been chosen. In the face of militant local opposition, where meaning to get its drill-Nirex managed to get its drill-ing crews in place, and by the turn of the year was quietly congratulating itself that all was going surprisingly smoothly. Then a few weeks ago, Nirex discovered, or was persuaded to discover, that shallow burial had become much more expensive than pre-viously thought. Instead of being only a quarter of the cost of deep disposal, as was estimated a couple of years ago, it turns out that the marginal cost of putting the trash deep underground is hardly more than putting it near the

surface.
Mr Nicholas Ridley, the
Environment Secretary, cancelled the test programme with great alacrity, declaring on television that he had only just received the new costings— rather as if they had just popped out of a toaster. Yet it has been obvious for a long allegations that the Government gave way to short-term electioneering pressures in the four Tory constituencies where shallow burial sites were being investigated.

Since its formation in 1982 Nirex, the company set up to deal with low and intermediate level wastes, has been obvious for a long time that public opinion would into the flow and intermediate problem is too political to be left to scientists and too hear wastes, has been campaigning against fierce opposition for the Government or its successor to put some energy addition to the nuclear tip at for medium and low level waste disposal, to develop more imaginative ways of winning over local communities, including perhaps more generous compensation, and to be more effective in getting the scientific forty and appearant little permission of the second permission of

leading inquiry Appointed by Federal Court on Dec. 19, 1986 after Ed Meese, US Attorney, tepped down. Inquiry could last one year Possible indictments and trials to follow.

dexter, and a motiey band of former CIA agents, freelance diplomats and international arms dealers, who make up this

inevitable, if misleading. Un-like his Republican predecessor,

investigations, even agreeing to

which drove Mr Nixon from office.

domestic abuse of executive nower aimed at rigging a presi-dential election. The essence of

Irangate is how a small group

of US Government officials created a secret and private foreign policy which bore little

resemblance to its official public version. How this happened—

and how to prevent it recurring
—is the challenge of the joint

When it first broke in early November, the Iran affair appeared to be a colossal misudgment on the part of Mr Reagan and his advisers. By selling arms secretly to the

Iran Government, the US broke

its long-standing policy of neutrality in the Iran-Iraq war

and undercut a commitment to its people and to its allies not to negotiate with nations sponsoring terrorism.

It became a scandal three weeks later when Mr Meese

North, the White House aide identified as running the under-

cover operation, coupled with the resignation of his mentor,

viser, resulted in four separate inquiries, two of which are

The senate intelligence com-

White House

seeks watchdog

With Wall Street scandals un-

House and Senate inquiry.

Nixon, President Reagan has co-

bizarre and complex tale.

Richard



ings opened Dec. 1986. Report published Jan. 29, 1987



review board Reported Feb. 26, 1987



involved terms "other than money." presumably weapons.
Further members of the CIA "old boy" network who figure include Thomas Clines, a disgraced former agent, and Felix Rodriguez, a Cuban Bay of Pigs veteran who helped to establish a Contra aid network from the Impanyo air base in El Salvador.

flopango air base in El Salvador.

This begs the question of whether the CIA itself was heavily involved in the Iran-contra affair, notably through its then director of intelligence, William Casey. One striking thing about the Tower Report is the numerous memos from

is the numerous memos from Col North appealing for the

get the CIA reengaged in this effort, so that it can be better managed than it is now by one

slightly confused marine Lt Col," he wrote to Admiral

One theory — expounded by William Safire of the New York

Times — is that Mr Casey, a fervent supporter of the Contra

cause, knew that the only way to circumvent Congress's ban on

Poindexter on June 10 1986.

What we most need is to

CIA to take control.

Public inquiries set up Jan. 6-7, 1987. Now effectively merged-will report this autumn.

HE Congressional hearings The unmaking of Mr into the Iran-Contra scandal, which open before television cameras on Capitol Hill today, signal a dramatic new phase in the affair. Three months of live broadcasts will create a natural cast of heroes and villains: the intre-Reagan: part two pid House and Senate interro-gators, the shapely White House shredder, Fawn Hall, two star witnesses—Lt Col Oliver North and Rear Admiral John Poin-

By Lionel Barber in Washington

Comparisons with the Water-gate hearings of 14 years ago are mittee report showed how the Reagan Administration, with the connivance of the Israeli Government, traded arms for American hostages held by prooperated fully with the various Iranian extremists in Lebanon. hand over extracts from his handwritten diary. Despite some doubts about the role of Edwin Meese, US Attorney General, there is little evidence of a cover-up of the magnitude which deeper hands. The Tower Review Board-set up by President Reagan to examine the workings of the National Security Council-produced, at the end of February, a 200-page report which por-trayed a detached president, badly served by his advisers pursuing a rash and ill-con-The nature of the scandal, too, is very different. This is no

ceived Iran policy. Today's start of the House-Senate hearings will give fresh impetus to the affair which will last well into the autumn, when joint committee report will be published. Even then, the final chapter remains to be written because a court-appointed independent counsel. Lawrence Walsh, is pursuing a separate criminal investigation, which could result in indictments against key players in the

The Tower board was able to draw the Iran policy in sharp detail. But in the few weeks available, the three-strong panel, led by the former Texas Republican senator, John Tower, was tailed report last year. But know unable to give a clear picture such was President Reagan's trade.

of how the arms sales profits were diverted to the Contras. After three months of in-quiries, which have seen 200 people subpoensed and more than 100,000 pages of docu-ments locked up under armed guard in committee rooms on Capitol Hill, congressional investigators are now confident that they have traced the money trail and the main figures involved.

So far, attention has focused on the tall marine with the toothy grin, Oliver North. A Vietnam war hero with a taste for the role of globe-trotting troubleshooter, Col North was undoubtedly the Administra-tion's point man in the undercover effort to keep arms flow-ing to the Contras during the 1985 congressional ban. Yet this was well docu-mented. The New York Times

described the dubious activi-ties of a White House-based aide withheld the name on national security grounds. He was later named as Col North by the Washington Post. Senator John Kerry, a Massachussetts Demo-crat, produced still more damaging evidence in a de-

political standing, that his opponents and the press falled to make any impact.

Less well known was how Col North doubled up as hostage negotiator and arms sup-plier to Iran (though a syndivan Atta column on June 29 1986 stated: "We can reveal that the secret negotiations over arms supply and release of American hostages have involved members of the National Security Council and a former official of the CIA"). But congressional investiga-

tors have already discarded the popular theory that the Iran-Contra operation was run by a power-hungry marine from a basement in the White House. Siphoning profits from the arms sales to the Contras required a sophisticated financial brain, able to keep track of the millions of dollars flowing through Swiss banks, offshore companies and private arms dealers'

The two obvious candidates for Congressional scrutiny are the retired former air force general, Richard Secord, who, with his Iranian business part-ner Albert Hakim, is well known in the international arms

Mr Hakim made his entrance to the story in 1986 as an inter-preter for Col North in his officially blessed meetings with Iranian Government officials. But he is also the business brain in Democracy Inc, the grandly named umbrella pro-ient see up four years ago to ject set up four years ago to supply arms to the Contras and other anti-Communist groups around the world. Mr Secord, who in 1981 was a senior official in the Pentagon working with Col North during the Administration's successful lobbying of Congress to approve the sale of an Awaes airborne early warn-ing system to Saudi Arabia, also played diplomat and arms

dealer. On the periphery, at least for the moment, are a string of for-mer CIA agents who glided in and out of the Iran-Contra operation. According to the Tower Report, it was a former CIA agent, Theodore Shackley, who first suggested—in a 1984 memo to the State Department—that the American hostages could be released for money.

A second Shackley memo in
the summer of 1985 contained a suggestion from the Iranian a suggestion from the transactions dealer. Manucher Chor-banifar (whom the CIA had attempted to recruit five years earlier) that the ransom

CIA involvement was to place the operation in National Secu-rity Council hands, where the legal restrictions on covert operations and Contra aid were far less clear. Mr Casey, a brain cancer victim, is too sick to give his sworn testimony, which leaves the agency exposed to speculation and criticism. One of the key issues in the Congressional inquiry will be whether—as in the aftermath of Watergate
Congress instigates yet
another deblilating purge of
its intelligence service. A more immediate problem

for the country is that the hear-ings will continue to distract the Administration and push the 76-year-old President back on the political defensive. They on the political derensive. They are bound to affect Mr Reagan's hopes of securing \$105m of funding for the Contras in September and, by raising the nagging question of competence, they could affect his chances of persuading the Senate to ratify an arms agreement with the Spriets Soviets.

"More generally, the Iran-Contra affair and the numerous investigations will help create some of next year's presidential election themes: honesty, integrity and sound judgment in Government. They could des-troy one candidate. Vice-Presi-dent George Bush, and launch another — watch Democratic Senator Sam Nunn of Georgia step into the limelight on the Senate select committee. As Col North once exclaimed to Admiral Poindexter: "This is the damnedest operation I have

WILD-CARD WALSH PLAYS HIS HAND

LAWRENCE WALSH, the 74-year-old court appointed

independent counsel leading a criminal inquiry into the Iran-Contra affair, is the wild card in the pack of investigations. His team includes 23 associate counsel, 35 FBI agents and 11 Internal Revenue Service officials. Together they have already conducted 300 interviews, reviewed h of White House boxes of documents and 200,000

congressional ban on all direct and indirect US military aid. The instant sacking of Col pages of CIA memos. His mandate is very broad, covering all aspects of the Iran arms sales and the private Contra aid the train arms sales and the private court and network. But, because he is working under tight secrecy, along with a grand jury, little is known of who his targets are and what charges he might bring. One area to be explored is the question of tax fraud involving private Admiral Poindexter, President Reagan's national security addonations to pro-Contra organisations.

Mr Waish's job is to decide whether crimes have been committed and, if so, to prove it. His task differs, therefore, from the Congressional committees, which have been set up to discover the truth on a matter of national

importance and to tell it to the American public. He has clashed repeatedly with senators and congressmen over one issue: whether to grant limited immunity to key witnesses to compel them to festify. The advantage is that it removes the Fifth Amendment right to slience (invoked by

l North and Admiral Poindexter's and cor The disadvantage is that it may prejudice Mr Walsh's case. Independent coursel cannot use evidence given under

Independent counsel cannot use evidence given under protected testimony, so Mr Walah has urged the committees to delay granting immunity. The joint congressional committees have partly complied, agreeing to an elaborate timetable to call witnesses at staged intervals to give counsel maximum time to prepare his criminal case.

Mr Walsh pointed out last week, in an interim report to Congress, that no protected witness in Watergate who refused to please critis no protected witness in Watergate who refused to plead guilty was successfully tried and convicted. But to a clear message that he means business, he filed his first criminal charge: one count of conspiracy against the conservative fund-raiser for the Contras, Carl "Spitz " Channell.

Men and Matters

folding thick and fast. White House aides had hoped to find a replacement for John Shad as chairman of the Securities and Exchange Commission with-in 10 days of his nomination as US ambassador to the Nether-lands. But the informal deadline passed six weeks ago and no new watchdog has yet been When Donald Regan left as

President Reagan's chief of staff, his list of potential chair-men was thrown out by the staff men was thrown out by the stair of Howard Baker, his successor. But the new men could not decide what they wanted. "When we first got here, we thought we wanted a hanging judge," one said. "Now our concern is to have an untarnished statesman who understands the industry."

Trouble is the number of untroubled firms from which such man could be drawn seems to a man could be drawn seems to diminish daily. Moreover, some potential candidates might be reluctant to drag their Wall Street fortunes through the confirmation hearings of the Senate Banking Committee. Faced with these difficulties the White House is said to be working from an "A" list and a "B" list.

One of the "A" front runners appears to be Arthur Levitt Jr, chairman of the American Stock Exchange. He knows Wall Street well yet has not worked Street well yet has not worked for one of its firms since he left Shearson Hayden Stone, a predecessor of Shearson Lehman Brothers, in 1978. His biggest drawback is his Democratic Party membership, though this could be overlooked.

Another is John Whitehead, deputy Secretary of State and former co-chairman of Goldman Sachs. He might have hurt his chances by contradicting some

chances by contradicting some of President Reagan's public statements on the Contra arms

If the search drags on much longer, the White House might have to settle for someone on its "B" list which includes two cur-rent Republican SEC commissioners, Charles Cox and Edward Fleir-hman.

who as chairman of the Senate Banking Committee will have considerable influence on the outcome when the nomination gets to Congress, has made his own preference clear. He wants Rudolph Giuliani, US Attorney for the southern district of New York, who with the SEC has cracked the spectacular insider trading cases ranging from Ivan Boesky down.

Giuliani was approached but turned it down. He has often said he wants to run for elected office — many New Yorkers suggest he is eager to be their next mayor.

Canadian revivai

One of the great names in North American corporate history was resurrected on Saturday at a ceremony in the Canadian prairie city of Winnipeg's Museum of Man and Nature. The occasion was the revival of the defunct North West of the defunct North West Company (NWC), the spirited Montreal-based group of pedlars who vied for almost a century with the more staid Rudson's Bay Company (HBC) for control of the North American fur trade.

HBC eventually absorbed its arch-rival in 1821. But the Nor-Westers' name will now live on in a chain of 178 remote northern Canadian stores which HBC decided to sell earlier this pear to the stores' senior management and a group of financial backers. Besides various Canadian investors, shareholders in the reincarnated NWC include Sir Martin Jacomb, chairman of Kleinwent Benson the British marchent Benson, the British merchant

bank. bank.

The change in ownership cuts off HBC, North America's oldest commercial enterprise, from a key part of its heritage. Although the present-day stores no longer exchange industrial artefacts for beaver pelts, many of them correct the same remarks. ioners. Charles Cox and of them serve the same remote dward Fleir-hman. Indian and Inuit (Eskimo) Senator William Proxmire, communities as the trading



"You didn't seriously expect them to wait until after the election did you?"

posts set up by HBC pioneersmany of them Orkneymen-between the 17th and 19th centuries. Neither the timing nor the

Neither the timing nor the place of Saturday's ceremony was coincidental. May 2, known throughout BBC as Bay Day, was the 317th anniversary of the charter granted by King Charles II to his cousin Prince Rupert's Company of Adventurers.

Rolls out

In Budapest itself, and in the countryside bordering the Danube, the reaction was invariably the same: A casual first glance; a second take to gladden the heart of any ad maker — then head-scratching disbelief as the convoy whispered by . . The Polithuro annual works outing?

olting?
Hardly likely, given the
Winged mascots on the Greciantemple radiators and the
glimmer of Western luxury

from each deep-polished panel. And even less likely, given the motley array of casuallydressed, even bearded, types driving them,
What the bemused Hun-

garian-in-the-street was witness-ing was a series of test drives staged by Rolls-Royce of the latest Rolls and Bentley versions it is soon to put on sale, Driving them were representa-tives of the western press. The exercise will continue over the exercise will continue over the
next two weeks, in the most
ambitious launch programme
Rolls has ever undertaken.
Peter Ward, Rolls' newlyappointed chief executive, was
clearly delighted with the
venue (his personal brainwave).
So, quite clearly, were the
foreign exchange-seeking Hungarian fourism authorities who
saw Rolls' presence as a second saw Rolls' presence as a second major coup following the first

at the nearby, newly-built Hungaroring. What made Ward decide to take the archetypal face of capitalism (or, rather, faces-for there were more than a dozen cars) into the Communist

Grand Prix motor race last year

The search for somewhere "different," he retorts, and where with little traffic and good roads, the cars could be put through their paces with

ease.

Not surprisingly, the Hungarians were long on admiration for the care—and short on making any offers for them. As the Tourist Ministry's charming lady interpreter pointed out, the pay of the Hungarian worker averages 5,000 forints worker averages 5,000 forints a month.

At prevailing exchange rates. he could hand over a cheque for the £80,000 Bentley Turbo R if he saved up all his pay—for exactly one century.

Outsider

From News of Old Boys in a "He had a wide knowledge of Africa having served in that part of the world as British High Commissionaire." That, of course, was before the Empire was demolished,

Observer

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THE IDEA of an international conference to advance the cause of peace in the Arab-Israeli conflict has been floating about the international agenda for some months now. For some unaccountable reason, it refuses to

go away.
On the face of it, it seems a hanelessly idealistic notion. Not merely do the differences between the potential participants on issues of substance appear to within Israel even the very idea of a conference is flercely opposed by balf the coalition

Foreign Minister, is actively pressing the case; but Mr Yitz-hak Shamir, leader of the Likud

Foreign Affairs: The Middle East

The idea that refuses to go away

ing a series of visits to Middle Eastern countries.

The US, traditionally the godfather of outside diplomacy in the Middle East, was at first openly sceptical of the utility of any conference; but recently President Reagan has made a would give a role to the hated Palestine Liberation Organisation; and it would give a role to the hated Shamir's office recently put out a document arguing that an international conference would undermine the Camp David accords, "for which Israel paid such a high price."

President Reagan has made a equally malign.

If there were to be a bilateral President Reagan has made a Mr Shimon Peres, leader of show of greater enthusiasm, the Labour alignment and and has urged Mr Shamir to Foreign Minister, is actively reconsider his opposition to the idea.
The opposition of Mr Shamir

equally malign.

Ostenzibly, the Likud is in negotiation with King Hussein favour of direct, face-to-face of Jordan, the stakes would be

Ostenably, the lakuo is in favour of direct, face-to-face bilateral peace talks between Israel and its Arab neighbours, and cites, as a spectacular vindication of this view, President Anwar Sadat's sensational visit to Jerusalem and the peace treaty with Egypt which followed the Camp David process.

The Labour Party, by continuous direction of direct, face-to-face of Jordan, the stakes would be told me recently, "is between those who think the present situation is optimal and those who take a tragic view of the status quo. The structural effects on Israel are disastrous: either given to the Israelis by diction defined by race, as at their military security, or both.

The Labour Party, by conweller of Jordan, the stakes would be told me recently, "is between those who think the present situation is optimal and those status quo. The structural effects on Israel are disastrous: either we maintain a dual jurisdiction defined by race, as at their military security, or both.

The Labour Party, by conweller of the West Bank was either given to the Israelis by the conwelling to the present in which case we be the status and would certainly include, at a minimum, the future of the West Bank was either given to the Israelis by conweller of the West Bank was either given to the Israelis by the status quo. The structural effects on Israel are disastrous: either we maintain a dual jurisdiction defined by race, as at their military security, or both the status who take a tragic view of the status quo. The structural effects on Israel are disastrous: either we maintain a dual jurisdiction defined by race, as at their military security, or both the stakes would be told me recently, "is between thought and those who think the present involved the case who think the present involved the case who take a tragic view of the status quo. The structural effects on Israel are disastrous: either we maintain a dual jurisdiction defined by race, as at the present involved the case who take a tragic view of the status quo. The structural e

Some, like Mr Abba Eban, the former Labour foreign minister, argue that, far from enhancing Israel's security, the 1.3m Arabs in the West Bank and Gaza represent a major threat to Israel's political integrity and stability.

"The divide in Israel", he told me recently, "is between those who think the present situation is optimal and those hak Shamir, leader of the Likud bloc and Prime Minister, is just and his Likud bloc is based on a setively opposing it. Yet the idea remains obstinately resilient and may even be gaing ground.

The opposition of Mr Shamir and cites, as a spectacular and the set of the future of the West Bank and those and his Likud bloc is based on the proposition that a United the proposition that a United the proposition that a United of the Arab world in exchange the future of the West Bank and Gaza and their Arab inhabitants. Yet to judge from Likud the Arab world in exchange the future of the West Bank and Gaza and their Arab inhabitants. Yet to judge from Likud the tants. Yet to judge from Likud the tent. Yet to judge from Likud the tents of the West Bank was the tents of the West Bank was the tents of the West Bank was the trast with Egypt which at least three prejudices which followed the Camp David the dangerous for Israel's sensational the Yet to judge from Likud thats. Yet to judge from Likud the tants. Yet to judge from Likud the tents of the West Bank was the West Bank was the West Bank at least three prejudices which followed the Camp David the dangerous for Israel's sensational the tents. Yet to judge from Likud the tents. Yet to judge from Likud the tants. Yet to judge from Likud the tents, Yet to judge from Likud the tents. Yet to judge from Likud the tents. Yet to judge from Likud the tants. Yet to judge from Likud the tents, Yet to judge from Likud the tents. Yet to judge from Likud the tents. Yet to judge from Likud the tents, Yet to judge from Likud the tents,

be conducted bilaterally be-tween Israel and Jordan, and exclude the PLO.

The difference is that, unlike President Sadat in 1977, King Hussein of Jordan is in no posi-tion openly to defy the rest of the Arab world by embarking on a separate peace negotiation with Israel. Mr Peres recognises that, if there is to be a negotiation, the King needs cover and that can perhaps be pro-vided by the framework of an international conference.

this respect its views are superference and the link with a
ficially similar to those of the
Likud — would be that any
substantive negotiation should
Friday that there was an agreement between Jordan and Israel on the terms for a conference, what he really meant was that there was an agreement between Jordan and half the Israeli Government, which is slightly different. And even that much has been fiercely denied by a

The difficulty, as ever, is what to do about the Palestinians.
The irrepressible Mr Yasser
Arafat has once more emerged
Phoenix-like at the head of a ing to look like a moderately live issue, because secret diplomacy has made progress. re-united PLO; but the conse-

brace of Jordanian ministers.

hope to ensure that Palestinian interests are represented by some tame Arabs from the West Bank and Gaza under a Jor-danian umbrella. The objection to the PLO is not just that it is branded a terrorist organisation, but that it will not easily be dislodged from its demand for an independent Palestinian

Equally problematical is the question of the political mood in Israel. Obviously, Mr Peres is looking to the conference idea as the mechanism for breaking the left-right coalition. Mr Eban claims that half the electorate is now ready to trade territory for peace, and that 80 per cent would be ready if negotiations actually started; but then he would, wouldn't he?

Given the post-war history of the Middle East, scepticism seems the healthy posture. As the man said, never make fore-casts, especially about the future. Where the Arab-Israeli conflict is concerned, that injunction should probably be applied to the present, as well.

Ian Davidson

When the spoils of war will bring another battle

Tony Jackson on the fight to take over a French industrial gases company

L'AIR LIQUIDE, the French industrial gases giant, has only one word for the extraordinary international battle going on for control of its small and struggling French competitor, Duffour et Igon. It is, says L'Air Liquide, a cajouillage: a shambles.

The bid has seen four com-

The bid has seen four com-panies — Aga of Sweden, Linde of West Germany, Union Carbide of the US and Carburos Metalicos of Spain—fighting over a company with less than 5 per cent of the French indusover a company with less than 5 per cent of the French industrial gases market. Yesterday's bid, from Aga at FFr 4,000 a share, is worth over £50m, many of the world's big gases good for morale, but not necessarily and their territory is to acquire each other. In the late established than you are. Dumplies the control of the big players better established than you are. Dumplies the control of the world's big gases good for morale, but not necessarily and their territory is to acquire each other. In the late established than you are. Dumplies the control of the French industrial gases market. Yesterday's and early 1980s, though, ing down a new plant may be good for morale, but not necessarily the control of the big players better established than you are.

around 40 times earnings.

There is doubtless a touch of corporate machismo about the contest, but there are also per-Across the world, a handful of hig gases manufacturers are

offer.

The surprising thing about this process of concentration is that it is happening so late. The industrial gases business.— which takes air as its raw material and breaks it down into oxygen, nitrogen and so on the industrial geographical coverage, interested in the Duffour et markets of the US and Japan—though second largest in each case is the all-powerful L'Air Liquide.

With its share of the French market at close to 80 per cent, L'Air Liquide is not directly interested in the Duffour et

many or the world's big gases manufacturers were concerned with other things.

Paul Wietzel of London stockbrokers Hoare Govett, which has just produced a worldwide study of the industry, says "as the steel industry declined, the gas industry; response was to make a 70 year cent market.

enough to be shipped great distances. The supplier will typically build a dedicated plant next to his main customer—a steel mill; say—and supply him direct, selling the surplus in the local market. Competition only occurs on the edge of the plant's to see position in these markets. In the only way for companies each place you have two or three of the big players better

hig gases manufacturers are snapping up their smaller rivals. And in Europe — a go into new areas: They haven't share, having been forced to concede a share to Air Products of the US in 1961. It is also ucts in engineering, Big Three though second largest in each though second largest in each though second largest in the two key markets of the US and Japan—though second largest in each though second largest in the all representation.

— has a natural tendency to monopoly.

The industry's plants are hugely capital-intensive, and the product is not valuable enough to be shipped great distances. The supplier will typically build a dedicated plant next to his main customer—a steel mill, say—and supply him direct, selling the surplus in the local market. Competition only tions in the last five years in

Europe US Japan Union Carbide Air Products (C C significant presence

markets where we weren't able to grow organically," L'Air Liquide says. "But once we have a leading position in a market, as we have in France, buying at these prices would be a mistake." For the bidders, it looks dif-

ferent. Dr Gunnar Eckendorfer, head of gases at Linde, believes the geographical imperative is

Paul Bosonnet of BOC agrees on the logic. "Looking around the world, the big six have taken a bigger share of the mar-ket, and the second-rank com-

A number of companies in car-bon dioxide are still very small, and there are quite a lot of local companies around the US, with

electronics are much smaller, ever wins control of Duffour the economy has been stronger." et Igon, plainly, has another

of the French cylinder market,

the world, the big six have taken a bigger share of the market, and the second-rank companies have disappeared.

"But there are some attractive independents left—Hede Nielsen in Denmark, and Hoek Loos in Holland, for instance. A number of companies in carbon dioxide are still very small, are now up to weight in the US, but the Germans and Aga

very little merchant business

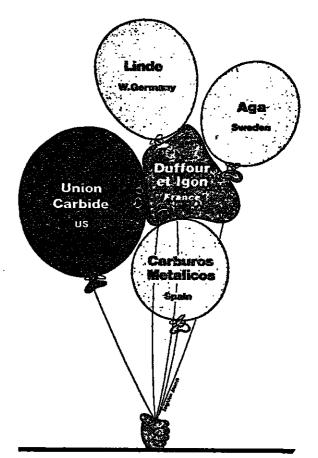
are not."
Taken all round, in fact, one plant, say, serving the local area. These are the ones the majors fight over."

are not. Taken all round, in fact, L'Air Liquide's position is formidable.

But Europe remains the chief attraction. David Guest of Hoare Govett says: "Europe accounts for 29 per cent of a world market worth \$13bn, and it's a good area for gas companies. Though the customer thase lacks an oil industry, and electronics are much smaller.

formidable,

"We have put more money into the business than anyone else," L'Air Liquide says. "We have concentrated completely on acquisition and investment in industrial gases. We have taken an effort to get it." Whoever wins control of Duffour et Igon, plainly, has another



A building allowance

From Mr D. King

Sir,—The stock of rented houses has since the war, dropped consistently and substantially and this is one of the mobility for the unemployed who are thus inhibited from moving from parts of the country with high unemployment into areas where oppor-

funities may exist. In addition many require housing who are not able or willing to purchase and the declining stock of rented accommodation makes their position

The Conservative Party has placed emphasis on home ownership which has been successful in that many are now proud owners but it has, if any-thing, exacerbated the problem of rented supply. The Labour Party has for so long regarded protection of the tenant as more important than provision of private rented housing with the result that the private sector has continued to decline mainly because the private landlord sees an uncertain future.

To achieve an increase in the stock of rented houses will in my view be very difficult or impossible without some form of financial or fiscal incentive. My mancial observation is that a

proposal therefore is that a residential building allowance (RBA) (somewhat similar to the industrial building allow-ance (IBA) which was intro-duced and supported by both parties to encourage construction of manufacturing premises) should be introduced to encourage the provision of ousing to rent. It would provide an allow-

..0

in expense derived

Litar Ph

ance of 10 per cent per annum of the actual and approved building cost against income or corporation tax for ten years. The developer would guarantee the use of the building for letting for residential purposes for the minimum period of ten years and would lose the allowance retrospectively if this was not maintained. Rental levels would be freely negotiated and not subject to control.
D. J. King.
7 Stratford Place, Wi.

Small brokers

forced out

From Mr D. Consory
Sir.—Congratulations to Mr
Riley (April 25) for the best
piece of financial journalism piece or mancial journalism
that I have read recently about
life assurance. The industry
has used the cover of a new
regulatory system which is
completely one sided for the
beneat of life companies and will do severe harm to small brokers, who may be forced out of business due to the enormous rules and regulations and costs

Letters to the Editor

working for insurance com-panies. This will be fust like the giant supermarkets, establishing themselves at the expense of the small personal and local shopkeeper. Whoever expects service in a super-I cannot understand why

brokers will have to disclose ons to clients when there are so many services, eg accountants, and solicitors, who do not have to disclose in advance their expected earnings in fees or commissions! It is so obvious, that the life companies should not have been allowed to arrange the rules for their own objectives, and should have been enforced by an outside body, or government special committee, without any bias or axe to grind. Unfortunately, this bad law will need to be changed in the next few years but will be too late to save the majority of the broker service

David M. Conway, 62 Eastern Road,

Non-executive directors From the Chairman

Reward Consultants
Sir,—Like many, I welcome
the continued pressure from
Pro-Ned and the IoD for more Sir,—Like many, I welcome the continued pressure from Pro-Ned and the IoD for more and better independent directors on company boards. I seems to be hased on the stress placed on the supervisory role of such appointments.

An oursider will be tolerated other sectors. I suspect that An outsider will be telerated and has a role to play in this position but he will be welcomed if he also brings two key attributes to the smaller company: the stimulation to move it out of traditional activities it out of traditional activities where 90 per cent of his colleages experience will be and to which they will be over-committed, and as a "father confessor" for directors and senior managers who cannot broach but need to be called on the put alternative policies. In to put alternative policies. In this connection, the independent director can play a key role in insisting on certain items being on what can other-wise be the chief executive's

Whereas accountants and bankers are often appointed to ensure proper management in-formation and financing profiles they tend to under-appreciate the technical and market conditions in the particular world of a smaller or specialised or specialized

personal board agenda.

for complying with the law. It is an inevitation of complying with the stablished information and complying with the stablished information and complying with the stablished information of complying with the law. It is an inevitation of complying with the stablished information and complying with the law. It is an inevitation of complying with the law. It is an inevitation of complying with the law. It is an inevitation of complying with the law. It is an inevitation of complying with the law. It is an inevitation of complying with the law. It is an inevitation of complying with the law. It is an inevitation of complying with the law. It is an inevitation of complying with the law. It is an inevitation of complying with the law. It is an inevitation of c

representatives | supervisory role may be paramount, but with so many newer companies growing to a point where they need independent directors, it would be a dis-service to the non-executive concept to lay too much emphasis on the control rather than the stimulation side of the job. Peter M. Brown,

9 Savoy Street, WC2. Accountants in

management From the Vice-President, Chartered Association of

Certified Accountants
Sir,—I was interested to read your appraisal of the two new reports on management education (Management Page, April 29), but I feel bound to question one statistic which is extracted from the Handy document. from the Handy document.

He is quoted as stating that
Britain has over 120,000 qualified accountants, whereas West
Germany has only 4,000 and
Japan has 6,000. It would
appear that the former figure
has been ascertained by aggregating the memberships of the six major accountancy bodies (with some allowance made for dual memberships). A large proportion of the membership of these bodies, however, is to be found in industry, commerce other sectors. I suspect that West Germany has many more trained accountants and finan-cial managers working in in-dustry and commerce. It's those

damned statistics again!
Who am I, however, to argue with Handy's conclusion that an accountancy training is often viewed as being a desirable background training for a career in management. Indeed, two UK managers who came to be acknowledged as top marketing men in their respective industries — the late Henry Lazell of Beecham, and Leonard Hardy of Lever Brothers—be-gan their careers by qualifying as members of this association. For all the laments about too many accountants in industry, it seems that many companies are anxious to recruit them as potential managers. Business management at senior levels requires an understanding of money as a resource and as a measuring tool and regrettably many managers drawn from other specialisms lack the basic

investment analysis and they have neglected the large audience out there that is waiting to learn the basic skills of reading a balance-sheet and inter-preting a profit and loss account. There is a job still waiting to be done. Desmond Goch. 29 Lincoln's Inn Fields, WC2.

The voting system From Mr G. Tinley

election sir,—as approaches there will be increasing talk about proportion. Your tional representation. Your issue of April 29, for example reports the initiative of the National Committee for Electoral Reform and the Electoral Reform Society to canvass all parliamentary candidates on their views. Among the letters their views. Among the letters on the same day Mr Bryn Glover points to the essential dishonesty of tactical voting. The first objective of any reform should not be PR of political parties — although it is unsurprising that members of minority parties should seek what they perceive to be their fair share.

What is needed is an elec-

What is needed is an elec-toral system which accurately reflects voters' wishes about in-dividual candidates — puts them in order, in fact. Good, bad or indifferent; red white or blue — whatever attributes or blue — whatever attributes appeal to voters.

appear to voters.

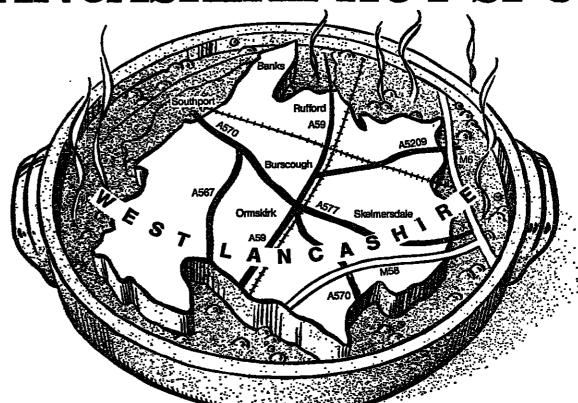
If the system works and half
the voters choose red candidates (whether good, bad or indifferent) then half the representatives will be red. If half the voters choose indifferent candidates (whether red, white or blue) then half the voters will be represented by in-different candidates whatever the colour of their party. Merit can be recognised. So can party So can other qualities. Putting the candidates in order on the ballot paper is a

practical way of voting, already familiar to many thousands of voters, and it is system which works very well. Counting voters' preferences by a straightforward set of rules produces results which do accurately reflect their wishes. This is the way in which the transferable

operates. Voters chose. The system ensures that the results reflect their choice. Surely that is what we should expect of a voting system. It is certainly not what we get at present! That is why we should change to STV. Oh, yes — and if voters think that party is most voters think that party is most important, then each party will get its just share of successful candidates. PR is not the objective of electoral justice, but it is an inevitable by-product of giving due respect to voters' wishes.

Gervase Tinley, 13 Hutchins Way.

learned tracts (mainly read by their fellow academics) expounding their thoughts on the capital asset pricing model and



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FINANCIAL TIMES

Tuesday May 5 1987



Anthony Robinson explains why colour, not class, is a South African obsession

Economy fails to stir white voters

rate votes according to the state of its pocket. But colour not class is the great South African obsession.

This helps to explain why the National Party will still form the government after the elections today, despite a record of economic mismanagement. This has led to more than 16 per cent inflation; the collapse of the rand; record unemployment - among whites as well as blacks - and a bloated bureaucracy which has led to a four-forld increase in personal taxation in less

If South Africa was a "normal" country, the Government would be facing a humiliating defeat.

The average white was better off after tax in 1970 than he or she is today, despite a 13-fold increase in cal declared a partial debt moratori-the price of gold which accounts for um and reintroduced the two-tier more than half South Africa's foreign currency earnings.

Growth in the 1980s has averaged little over 1 per cent, below the 2.6 per cent annual population growth and far below the 5 per cent necessary to make a dent in an estimated 25 per cent (black) unemployment

As a developing country with a large Third World component, south Africa needs foreign investment to achieve the sort of growth which its resource base and infrastructure makes possible. Instead, it has become in the words of Dr Gerhard de Kock, Governor of the Reserve Bank, "a capital exporter like a little Switzerland.'

That is largely the result, how-ever, of the apartheid legacy of the National Party and international reaction to President P.W. Botha's disastrous "Rubicon" speech of Au-gust 15, 1985. Instead of trying to convince world opinion that South Africa was committed to radical reform, if not the abolition of racial discrimination, he wagged his fing-er at a global television audience and thundered."Don't push us too

Foreign banks clamoured to fol-low Chase Manhattan in the race for the exit, the rand collapsed and the sanctions and disinvestment lobbies abroad became unstop pable. Two weeks later, South Afri-

tional Party has been able to divert attention to the emotional issue of security and showed its disdain for the business community through a bitterly resented smear campaign still at only 50 cents compared with against Mr Chris Ball, the managover \$1.20 four years ago, is well off ing director of the former Barclays National Bank. Opposition parties on both left and right have failed to

In part this is because the economy is recovering from the steepest sets at bargain basement prices, recession since the Second World Good rains have also helped by War. Higher gold, diamond and precious metal prices, and the in-Whites of all political parties from the low rand, have come to the



Mr Gerhard de Kock

often savage rationalisation have restored profit margins and fuelled a stock exchange boom. The balance of payments is in surplus, re-Sanctions have, as yet, had only a

marginal negative impact while disinvestment, although psychologically damaging, has allowed South African companies to buy foreign assets at bargain basement prices.

But the fundamental reasons why the opposition has not been able to capitalise on the Govern-

ment's poor economic record can be ascribed to the fact that for many whites "security" and the mainte-nance of white privilege is more im-portant than prosperity. Many have

More than 40 per cent of white voters enjoy sheltered employment in the public sector. They have benefitted from the transfer of resources from the productive private ing the security forces and those which administer apartheid.

That said, however, thousands of whites will be going into the polling booths aware that their incomes have declined and resentful about their taxes. Many blue-collar and less skilled workers and public servants are expected to show their frustration by voting for the right. Those higher up the social and economic scale, including many "detribalised Afrikaners" who no long-tribalised Afrikaners' who no longer need the crutch of traditional Af rikaner national socialism, will vote for the Progressive Federal Party (PFP) and the independents.

Ultimately the division is between those who feel most threatened by black aspirations and those who believe that only abolition of apartheid and the creation of a nonracial society open to all talents will create the domestic and international climate for future security and prosperity.

Beneath the surface, class differences and class perceptions look like playing more of a role in voting behaviour in this election than ever

Student rally broken up, Page 5

President defuses potential crisis in India

By John Elliott in New Delhi

POTENTIAL constitutional crisis in India has been defused with a public denial by Mr Zail Singh, the President, that he intends to try to dismiss Mr Rajiv Gandhi, the Prime Minister, for withholding government information from him during the past two years.

Basic differences between the President, who is 71 today, and the 12-year-old Prime Minister, have not been solved, however and are likely to surface again before Mr Singh retires on July 24.

Mr Gandhi now faces a tough test of his dwindling political popularity with a regional election on June 17 for the state assembly of Haryana, adjacent to the turbulent northern state of Punjab.

Mr Gandhi's Congress I Party might lose Haryana. This would be the latest of a long series of damag-ing regional election defeats suf-fered by Mr Gandhi since his landslide general election victory at the end of 1984.

Yesterday, Mr Gandhi tried to woo left-wing and other opponents within his party by modifying his public stance on liberalised eco-nomic policies, which have been the hallmark of his Government. He stressed there was "no open door" for multinationals to invest in In-dia, and denied he wanted to privatise parts of the public sector.

But the vulnerability of his administration was demonstrated yes-terday when a senior member of his party, Mr A.B.A. Ghani Khan Chaudhury, Cabinet minister for Programme Implementation, resigned, two weeks after the resigna-tion of Mr Vishwanath Pratap Singh, Defence and former Finance

Mr Chaudhury left because land deal he had approved in 1982 when he was Railways Minister was criticised last week by the Parliament's public accounts comm for involving possible corruption.

Facing allegations of govern corruption over defence deals for Swedish arms and West German submarines, Mr Gandhi is auxious to restore his clean image. He is be-lieved to have demanded Mr Chaudhury's resignation and later told a meeting of party youth workers that corruption would receive "immediate and the strongest action."

The friction with Mr Zail Singh, a prominent Sikh politician in the Congress Party, has developed part-ly because Mr Gandhi holds him politically responsible for some of the earlier problems with the Sikhs in the Punjab where Mr Singh was

Mr Singh has publicly provoked Mr Gandhi, possibly hoping that he has an outside chance of becoming opposition candidate for a second presidential term.

Reagan faces fresh pressure

Continued from Page 1

Many Democrats - looking towards next year's Presidential elec-tion - would be loath to ditch the anti-Marxist rebels. But they would like to see more support for diplomatic initiative to calm tensions in

On Sunday, President Reagan, speaking in the shadow of the Sta-tue of Liberty in New York harbour,

Last week, the special prosecute leading a criminal investigation in-to the Iran-Contra affair secured

Congressional investigators will on several dozen witness

THE LEX COLUMN

Paying more for the privilege

In the US grey markets the war-

rants are being valued at around \$2 per Standard share so BP has effec-

tively put over \$200m on the table at no short term financing cost

If the warrants are exercised in

There are special reasons why

the warrant was so attractive in

this particular deal. In particular,

rise in oil prices, and thus the value

By offering a warrant in its own

stock, which is also highly geared to the oil price, BP was giving those critics the medicine they asked for. Indeed, Standard itself had used

the same idea of using - judo-like the market's weight against itself, by attaching crude-oil warrents to

otherwise unattractive debt issues.

Yet, while the use of warrants has

now been clearly indicated in the

takeover of companies highly-

geared to the price of a single com-

modity, it is less clear that they could be introduced into the wider

merger and acquisition scene. To

the extent that they could be, it

The full hollowness of last week's US-Japanese gesturing was already becoming apparent in yesterday's markets. Looking back at what the Reagan-Nakasone talks might have achieved, it was difficult for traders not to focus on the double nega-tives: the Federal Reserve had not lifted, and the Bank of Japan had

Moreover, the US Administration chose to emphasise this negative strand in market reaction by expressing its own disappointment with the Nakasone visit.

Indeed, the absence of demon strative intervention in the foreign exchange market - on a day when the closure of Tokyo and London would have allowed the central banks to make a bigger splash in a smaller pool – deepened the impres-sion of bilateral muddle.

For the Fed to have been visible only on the sidelines, while the dol-lar slid towards Y138 and the long bond shed practically a full point, suggests that this week's bond auction may be just about dead in the

At this stage, the markets are still arguing about price; even with-out that Japanese participation which has regularly saved lost-hope auctions over the past few quarters, there is no thought of a bidders' strike. In a back-handed way, the Fed may actually be trying to do primary dealers a favour, by allowing the secondary market to take yields a hit higher up the slope than is officially perceived to be neces-

If so, that would be a thoroughly traditional approach to funding in a currency crisis. But on yesterday's evidence, bond investors are refusing to notice the down-hill slope that yields are supposed to tread af-ter the suction; and that again is to be expected when this week's currency losses are already bidding fair to obliterate about three years' worth of extra yield.

Warrants.

Can it be so easy? Directors of merchant bank corporate finance departments must be marvelling at the ease with which the innovative use of a warrant has silenced the protests of the Standard Oil minority at the terms at which they were being bought out by British Petrothat if people were willing to pay him for the right to pay him some more money later then he would happily sell them as much of the At the most cynical level a bell or

whistle of dubious value is simply a good way of persuading sharehol-ders in a target company to part with their shares at a lower price than they ought. Look at the way clever Mr David Alliance of Coats Vivelia last week

persuaded Foir Teoranta, the Irish state rescue agency, to hand over its 65 per cent stake in Youghal Carpets. With the Youghal share price at an admittedly speculative 25p. Coats successfully offered either one Irish penny in cash per Youghai share or a convertible which would pay nothing for two years, then just 5 per cent in each of the next eight years, after which the stock would onvert into 10p cash or 10p worth of Coats' shares in 1997.

full then it will result in the issue of After being bamboozled by this 3.7 per cent of BP's enlarged capipiece of financial pyrotechnics, Foir tal. But the new rule forbidding companies to issue over 2.5 per cent Teoranta was a bit miffed to find that it was unable to consider a posof capital to new shareholders withsible higher bid, having irrevocably out consulting old ones does not apassented to Mr Alliance. ply, since it governs only placings for cash, not placings for consider-

Although the BP/Standard deal is about 10,000 times bigger than that between Coats and Youghal, the two bargains have something in common. In both cases the bidder the dissident minority believed that arrived at the figure in a closed dis-BP was underestimating the future cussion round a table with the directors of the target company. In both cases the "delenders" were anxious to help the bidder to find a solution to the problem of valuation. In hostile bids, and particularly in triangular contests, it is a much less appropriate tool.

The valuation of a warrant is difficult enough in the laboratory, involving as it does three dimensional charts of time, interest rates and volatility. It would just be too easy for defending companies or rival bidders to ridicule the valuation placed on the warrant by the offer-

Following the Guinness/Distillers revelations there is in any case a certain scepticism about the actual would perhaps indicate that the bull share price of hidding companies. market had reached excesses of op-timism.

Imagine the plight of former Distill-timism. Warrants as part consideration cepted in part consideration scads appearances towards the end of the valueless without a very sharp fubuil market of the early 1970s, ture appreciation in the value of the when Mr Jim Slater pronounced Guinness share price.

Sun Life considers merger with Pearl

BY HUGO DIXON IN LONDON

SUN Life Assurance of the UK is with Mr Grant arguing that Liberty considering a friendly merger with Life, one of South Africa's largest the Pearl Group, another large Brit-insurance companies with a 48 per ish life insurance company, as a cent share in TransAtlantic, is try-way out of its difficulties with ing to gain control of Sun Life by TransAtlantic Insurance, its largest shareholder.

A merger would create a life comany with total gross assets of more

Grant, chairman of Sun Life, said yesterday. "The simple rationale would be the merger of a traditional life office (Pearl) with an industrial life office (Sun Life)."

Mr Grant, however, was careful to point out that no decision had been made. "We can recognise we would make a very good fit without there being discussions on a merger," he said. "If I say any more, I get into the takeover traps

Under Britain's Takeover Code, companies are supposed to inform their shareholders, normally by an announcement through the London Stock Exchange, if they are planning a takeover.

Mr Grant admitted that a merger "might be a way out of our problems". He has been fighting off an attempt by TransAtlantic, which owns 26 per cent of Sun Life, to have three of its nominees chosen as directors of the company at its. annual meeting on May 13. The campaign has been bitter, were to try to merge with Pearl

BY TIM DICKINSON IN BRUSSELS

Mr Martens and senior members

commune where an elected Franco-

rons" - the now notorious Flemish jority.

the back door. TransAtlantic has responded by saying it may not support the re-election of Mr Grant as

The battle will take another turn "If we did decide to merge, the Pearl would be a good fit," Mr Peter his shareholders another letter urg-TransAtlantic's nominees would "sit on the board as representatives of Liberty, and there would be a very real fear that they would be concerned primarily for its interests, if necessary against those of other shareholders."

Mr Grant said: "Indeed, the very determination of TransAtlantic to secure the appointment of Liberty's nominees must excite grave misgivings about the future intentions of Liberty. If we've been a little frantic, it's been to get our shareholders to vote. We need every vote we can

He refused to be drawn on the timing of a possible merger with Pearl. But he did say that Pearl might be wary of merging if Trans Atlantic was to become a sharehold-

er in the merged company. It is possible TransAtlantic would make a full bid for Sun Life if it

New threat to Belgian coalition

Frustrated by what local newspa-

the Government until Thursday to

'Buy American' law draws UK protest

1988, starting in October.

The legislation - illustrative of rather than GECs Nimrod syste

of West Germany, Brown Boveri of Switzerland, Continental Electron-

A key clause in the House bill approved by the full House Foreign the floor - is extraordinarily re- ing closely to see if a similar clause strictive. Citing the committee's is inserted.

television interview over the week-

end and the implication is that the

CVP would withdraw its support from the Christian Democratic-Lib-

eral coalition if a new compromise

Tensions also seem likely to be raised tomorrow when a Senate Commission votes on the first arti-

This would, for the first time, legalise abortion in certain circum-

stances in the first 15 weeks (and if

there is a danger thereafter), but it is fiercely opposed by the CVP which refuses even to discuss possible amendments.

could not be found.

lodged a vigorous protest over "buy American legislation in Congress which threatens to exclude GEC munications group, from a \$13bn contract to upgrade broadcasting equipment at the Voice of American programme and because discussion programme and because discussion programme and because discussion programme and because discussions are supported by the contract of the support of the suppor equipment at the Voice of America Radio Network.

Capitol Hill – has an added piquanfor GEC. Last December the British Cabinet decided that the country's airborne early warning needs should be met by buying Awacs aircraft from Boeing of the US GEC is one of four bidders - AEG

ics of Dallas, Texas are the others which have tendered for the first part of the Voice of America contract (worth initially between \$100m and \$150m). Voice of America - part of the US

Information Agency, the official US Government news and broadcasting service – has yet to decide on a winner. Much will turn on legisla-tion drawn up in the Foreign Relations Authorisation Act for fiscal

THE BRITISH Government has "strong preference" for an American contractor, Section 303 of the bill says: "This preference is desirable be-

any time of world crisis, national security will be enhanced by having US-manufactured transmitters, an growing protectionist sentiment on tennas and other components for which the US can ensure an uninspare parts." Other restrictions concern re-

quirements for being considered an American contractor such as incorporation under US law: the employment of US citizens in more than half its full-time positions in the US; and the need to have "existing technical and financial resources in the

Even though GEC has a US part-ner in its bid, Cincinnatti Electronics, it would not fit in with any of these qualifications.

Marconi executives are particularly angry because under their proposal 60 per cent of the VOA contract would be sourced in the US.

This week, the Senate Foreign Relations Committee is to adopt its own language for the authorisation bill for fiscal 1988. All four bidders Affairs Committee but yet to reach and the UK Government are watch-

Steel groups

Continued from Page 1

to provide aid to cover the creation

of new jobs for workers made re

rolled coil division just broke even last year on sales of FFr 30.5bn

Investment is to be reduced over

the coming years to an annual level

of FFr 3bn from FFr 4.5bn over the

to merge

central America.

Excluding heavy plate and tubes, again appealed for Contra aid, but shifted his emphasis away from military conflict and stressed the goals of free elections and democra-Losses were heaviest in the long cy. He also spoke of economic aid and gave qualified praise to a peace products – wire rod, bars and eams – divisions, which ran up an operating deficit of FFr 22bn (60 per cent of the group total) on FFr 18.5bn of sales. tra coalition in Congress.

> his first guilty plea when a profes-sional Contra fund raiser, Mr Carl Channel, admitteed running a tax scheme to defraud the US Government and implicated Lt Col North

The Congressional hearings will take their first testimony from re-tired Air Force General Richard Secord - who played a dual role in the Iran and Contra chapters of the candal - and then from Presiden Reagan's former national security adviser, Mr Robert McFarlane. These two will give an overview of the affair.

then focus on the public and private aid network, the money trail, the arms shipments to Iran, and the di-vision of blame and responsibility. In doing so the 26 elected members (15 House and 11 Senate) will draw thousands of sensitive Government



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bank, than as simply an investment company. For instance, we manage: any. For instance, we manage and write new issues on a world-wide

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World Weather

Jose Happart, had his election an- move Mr Happart.

BELGIUM's bitter language dispute is once again threatening to fury of the Flemish-speaking Chrispite is once again threatening to

topple the centre-right coalition of has remained de facto mayor by Mr Wilfried Martens, Prime Minis-virtue of being first alderman of the

of his Cabinet spent much of the weekend urgently seeking a new solution to the problem of "Les Fou-elections by the Francophone ma-

phone mayor has long been refus-ing to speak the official language, the carousel," the CVP has given

The individual in question, Mr find a solution which will finally re-

nulled by the quasi-judicial Council

The CVP's leader, Mr Swaelen, of State last September. But to the took a particularly tough line in a

UK reserves rise

Continued from Page 1

London now expect at least another % point reduction in rates in the

the Conservative Government will comfortably win a June election and that the dollar will remain weak. At the same time. Britain's economy is outperforming those of

to rise further could seriously dam- its interest rates remain relatively

to rise further could seriously damage business confidence, while the pound's recent gains will at least partly offset inflationary pressures closed yesterday, sterling registered further gains in European in the control of the con and US trading, as the dollar fell. West Germany's Bundesbank bought what dealers said were mod-25. point the general election wicely expected in June. Some predict
that a cut is likely as early as this
week.

The point the general election wicebrake on the US currency's since,
while both the French and Belgian
central banks intervened against
the D-Mark within the European

Monetary System.

The dollar ponethele weaker in Frankfurt at DM 1.7770 compared with Friday's London close of DM 1.7795. The pound rose to DM 2.9820 from DM 2.9750 and to most other industrial nations, while \$1.6780 from \$1.6730.



SECTION II - COMPANIES AND MARKETS **FINANCIAL TIMES**

Tuesday May 5 1987

Agnelli

holding

By John Wyles in Rome

reorganises

In an exercise which will doubt-

ess encourage speculation about

potential soap-opera rifts within the

family, a large part of the Agnellis' 41 per cent holdings of Fiat ordi-

a new limited partnership, Giovan-

ni Agnelli & Co. The partnership owns 76 per cent of Ifi, the family

holding company which controls

the Fiat group's various interests.

One unexpected element is that two nominal shareholders in the

partnership are "outsiders," Mr Ce-

sare Romiti, the Fiat Group's ma-

naging director, and Mr Gianhigi

Gabetti, the managing director of

Mr Agnelli himself has dominant

ownership of the partnership with a

38 per cent stake and, according to

newspaper reports, sole manage-

ment control. In the event that he is unable to carry out this function

power is transferred to Mr Agnelli's cousin, Mr Giovanni Nasi. The oth-



INTERNATIONAL BONDS

Dealers' hopes fixed on Japan

THIS BATTLE will have to be the six new Eurosterling deals, fought in the trenches of the Trea- which totalled £375m, met a disap-

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pared to trim its interest rates, and which had moved into sterling secu-the statement by Mr Paul Vokker, rities for the pre-election ride were chairman of the Federal Reserve, keeping to the more liquid gilt marthat the US had tightened monetary policy, raised hopes that the Japanese would participate enthusiastically in this week's \$29bn US vestors seemed to be less conscious Treasury auction - but no one was

bond market on Friday morning. kets. As a result, they were in nerbut most dealers were aiming for a flat position over the long weekend in London. "Retail accounts are still last week as the gilt market rallied. staying on the sidelines and fran-

It came as no surprise that no straight Eurodollar bonds appeared, leaving the so-called peripheral currencies to describe the control of the Eurostering market proved too narrow for the volume of paper pushed through it by four borrowers. pheral currencies to dominate the new issues market. Australian dolter advances in the gilt market.

Despite a background to these is proved popular. sues that could hardly have looked A 9 per cent deal for Société Génmore propitious, with the currency erale would probably have proved strong on the back of encouraging too tightly priced anyway, but an is economic news and the expectation sue on similar terms for triple-A mainly from the large amount of

sury market - I'm keeping my head down' - said one Eurobond dealer at the end of last week, writes Clare emboria in the gilt market was largely passing the Eurosterling market by. Institutional investors proves ket, where gains can be more easily

- or perhaps less convinced - than betting on it.

The announcements triggered a spate of shortcovering in the Europester of the institutions of the much-vaunted decoupling of the fortunes of the spate of shortcovering in the Europester of the institutions of the much-vaunted decoupling of the fortunes of the spate of the institutions of the much-vaunted decoupling of the fortunes of the much-vaunted decoupling of the fortunes of the much-vaunted decoupling of the fortunes of the much-vaunted decoupling of the much-vaunted decoupling of the much-vaunted decoupling of the much-vaunted decoupling of the fortunes of the much-vaunted decoupling of the fortunes of the spate of shortcovering in the Europe vous mood; retail accounts were sellers of Eurosterling securities Certainly the issuing window in kly, who can blame them? said one the five-year area of the Eurosteri-

expectations although an early isvogue in response to the roller coaster advances in the gilf market.

probably spoilt the market for other borrowers whose deals might have

Comv 1,490.9 1,296.3 1,191.7 371.9 6,519.7 403.9 4,304.3 = 90.0 5,230,1 - 3,163,6 - 162,5 250,5 186,8 Total 16,718.9 34,163.7 17,118.8 41,067.2 13,965.5 23,578.0 12,913.7 23,833.5 Week to April 30 1967

have been expected to perform bet-

Dealers also did not find the response to a £50m deal for Slough Estates, the one bond that surfaced at the long end, encouraging although it was quoted consistently within fees.

The bond was apparently ideally structured for the UK institutions new issues market. Australian dollar issues were still prominent, but Eurosterling bonds also came into probably spoilt the market for other bonds. Not only was the initial of the market for other bonds. Not only was the initial of the market for other bonds. Not only was the initial of the market for other bonds. well in line with an outstanding domestic issue for the borrower but it also included covenants which mirrored those on a domestic issue.

ed recently. Slough Estates' issue was bid 2½ points below issue price, compared with 2½ per cent fees. Sharp falls in the US and Tokyo

stock markets claimed some casu-alties in the equity-linked sector early last week. Many equity warrants bonds for Japanese compa-nies were quoted at substantial discounts to issue price, while a convertible for Comcast, the US cable television company, was withdrawn by lead-manager Morgan Grenfell. Although Comcast's share price had not suffered more than the rest of the US market, the terms of the planned issue looked unrealistic as sentiment deteriorated. The indicated 5 per cent coupon and 23 to 27 per cent conversion premium both

bond's appeal. A price as low as 95 - five points below issue price - was spotted at one point on a broker's screen.

looked ambitious, and a put option in 1994 at par added little to the

Meanwhile a \$25m convertible for J. Bildner, a US grocery store chain, was encountering similar dif-ficulties but the lead-manager decided instead to reset the terms.

The coupon finally settled at 7 per cent, a full & point above the up-per end of its indicated range, and the conversion premium at 19 per cent, 6 per cent below its highest indicated level. These changes and the insertion of a par-priced put seemed to carry the bond, despite a of an early Conservative victory, rated Morgan Guaranty Trust could paper for property companies issu- \$2.5m increase in its amount.

er controlling partner is Mr Agnel li's brother, Umberto. The partnership's articles of asso ciation reportedly impose tighter control over the divestment of family shareholdings than was previously the case. They require that all shares put up for sale must be of fered to other members of the family, who may acquire them in pro-portion to their existing holdings.

Similarly, any shares which are given or willed to others unrelated by blood to the Agnellis must be offered to the other family shareholders. The holder can exercise shareholder's rights only if the option to buy is not exercised by family mem**EUROCREDITS**

South Korea shows clout in quest for finer terms

dence in its standing with interna- gressive terms. tional bankers has been underlined by the terms it has proposed for finest attained by South Korea. The renegotiation of a \$500m syndicated fourth largest borrower in the de-MR GIANNI AGNELLI has reorganised most of his family's controlling stake in the Fiat Group in such loan which the Korea Development Bank signed in November 1983, writes Stephen Fidler in London. a way as to prevent any seepage of voting shares into outside hands.

The loan, for which Morgan years. Guaranty and Industrial Bank of year grace period.

A \$300m portion paid interest at month and next. nary stock has been transferred to years and % point for the remainder. The rest carried a margin of 0.2 points above the US prime rate, 1.35 points over certificate of depos- achievable.

> lower the interest rates on the loan, community, Spain's seems to be for a \$100m five-year multi-option leaving the final maturity and grace falling following a decisison by Fu- facility. Terms on the committed period unchanged. From the next erzas Electricas de Cataluna (Fec-portion include a 5 basis point facilipayment on May 29, it wants to cut sa), the financially troubled power ty fee, a 10 basis point margin and a the interest margin over Libor on utility, to cut interest payments to 3 basis point fee for utilisation over the full \$500m to % point until No- banks. vember 1969, rising to % after that. Fecsa has outraged bankers by

veloping world, with debts totalling that from the Japanese banks' point some \$41bn, it has improved its reputation considerably in recent perception of Spain," said one bank-

It has increased the scarcity val-Japan were agents, had an original ue of its debt by prepaying substanch cluded a \$150m short-term facility maturity of eight years, with a four-tial borrowings and only last week for Turkiye Is Bankasi, Turkey's

% percentage point over London in-terbank offered rates (Libor) for six banks has already allowed private Trading Contracting and Invest-terbank offered rates (Libor) for six points above the US prime rate, point. While bankers may not be enover a maturing facility.
provided this was no higher than thusiastic, the KDB deal thus looks Final terms have yet to be settled

cing fee. debt-some \$1.2hn of which is owed

The bank said its objective "was to foreign banks - at 1.5 points beto bring the yield level on the loan low Libor, pending a full debt renemore in line with the current mar- gotiation. There will be a meeting ket perception of Korean sovereign between Fecsa and its bank credicredit" and added that it had been tors in London on Wednesday advised by several financial institu- which stands a good chance of betions that it could have undertaken coming highly emotional.

reputation of Spanish private sector The proposed terms would be the borrowers and will probably dam-

Deals mandated in the week insaid it would prepay \$578m this largest private sector bank. Bankers Trust, Bank of Tokyo, Gulf In-Demand for Korean paper among ternational Bank, Kuwait Foreign sector borrowers to achieve eight- ment Company, and Morgan Guaryear money at spreads at % and % anty won the deal, which will roll

but a % point margin is expected. t rates.

But if Korea's light is rising S.G. Warburg was mandated by The borrower is seeking only to among the international banking GKN, the UK engineering group, 30 per cent.

Banque Paribas (London) was It will also pay a 0.1 per cent servisaying it will pay interest on its mandated to arrange a £250m cing fee.

debt-some \$1.2bn of which is owed transferable revolving credit faciliation of the UK. The transaction has been underwritten by an eightbank group and carries a margin of % point over Libor. Its maturity is for four-years, extendable for a fur

Philips' global issue sparks British envy

shareholder base internationally by has developed against issues not issues. looked on in envy last week as Philosserving pre-emption rights.

This e ips, the Dutch electronics group, launched a Fl 1bn (\$497m) global share offering, writes Alexander Nicoli in London.

The 8.6 per cent expansion of equity is being made under authority granted to the board by sharehold-

In contrast, British insurance companies which object to their holdings being diluted are enforcing their rights more strictly.

Managements of UK companies will have general authority for issues of up to only 2.5 per cent of is-

This effectively bars sizeable international share and equity-linked issues for all but the biggest UK companies and revives doubts about domestic constraints on the development of a truly global equity

Philips, meanwhile, has what has try or region. This is intended to ers to offer shares with or without sued equity, compared with 5 per come to be seen as the classic back-giving first refusal to them. Al-cent of authorised capital previous-ground for a large international of-though rights issues are common in by, and are likely to find it increas-fering. It is a well-known brand-placement of such a large issue. ground for a large international of- ders which could weaken broad

BRITISH companies with a fash- the Netherlands and shareholding ingly hard to persuade sharehold- name with sales and a shareholder ionable yen for broadening their institutions are large, no strong lobers to waive their rights for larger base already spread outside the shareholder base internationally by has developed against issues not issues.

Netherlands. The Dutch market would have found it difficult to ab-

sorb \$500m-worth of shares.

Nevertheless, Credit Suisse First Boston as global co-ordinator is making no rash assumptions about saleability. It has adopted the system of geographically segregated syndicates, each targeting a counavoid free-for-all selling across bor-

Schindler lifts dividend on profit rise

BY WILLIAM DULLFORCE IN GENEVA

SCHINDLER, the Swiss lift manu- poses to raise the dividend from in order to maintain its share of a facturing group, is raising its share-holders' dividend for the first time in seven years after booking a 5 per from SFr 60 to SFr 75 per bearer declining market. Annual world by 15 per cent between 1973 and cent increase in consolidated net share. earnings to SFr 48.7m (\$33m) in With the world's second largest

Last year Schindler's group sale business in lifts and escalators after dipped by only 0.6 per cent in Swiss After the parent company had re- Otis of the US, Schindler has been franc terms to SFr 1.86bn in spite of ported a rise in net profit from SFr buying up smaller businesses exchange rate losses amounting to 15.3m to SFr 17.5m, the board pro- worldwide over the past few years, 9.8 per cent of turnover.

April 1987



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New Issue

April 1987



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HK hotels group chairman survives attempted coup

MR MICHAEL KADOORIE, whose family has for more than 80 years controlled the Hongkong and Shanghai Hotels group, which owns Hong Kong's prestigious Peninsula Hotel, yesterday narrowly escaped being overthrown as chairman of the group as a big outside shareholder made a first move to exert his control.

Mr Joseph Lau, the aggressive principal shareholder in a company called Chinese Estates, is understood to have led the assault on Mr Kadoorie's chairmanship, at the group's annual general meeting. Chinese Estates has in recent months built up a stake of about 26 per cent in Hongkong and Shanghai Hotels, but some local analysts expressed surprise at the body of support rallied behind the family.

Apart from the Peninsula Hotel, one of Hong Kong's Securities Commission, which polices the stock market. Lai Sun bought a 10 per cent bidding in the group at the same time that Mr Lau acquired his market. Department of the group at the same time that Mr Lau acquired his market purchases by Mr Lau analysts expressed surprise at the body of support rallied behind the family.

Apart from the Peninsula Hotel, one of Hong Kong's Securities Commission, which polices the stock market.

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Apart from the Peninsula Hotels, one of Hong Kong's Securities Commission, which polices the stock market.

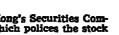
Lai Sun bought a 10 per cent tholding in the group at the same time that Mr Lau acquired his market.

Lai Sun bought a 10 per cent analysts expressed surprise at the body of support rallied behind the family.

Apart from the Peninsula Hotels, but some local analysts expressed surprise at the body of support rallied behind the family.

Mr Joseph Lau, the aggressive principal shareholder in a company called Chinese Estates, is understood to have led the assault on Mr Kadoorie's chairman the proup's annual general meeting. Chinese led the group's ana MR MICHAEL KADOORIE, cent of the group's issued share by Hong Kong's Securities Com-whose family has for more capital. but the stock

ment, Mr Lau and other is acting in concert with shareopponents mobilised 40.5m holders in a group called Lai group. Hongkong and Shangshares against Mr Kadoorie. Sun Garments. These allegarepresenting just under 42 per tions are the object of inquiries HK\$5.50 on the day's develop-



assault on Mr Kadoorie's chairmanship, at the group's annual general meeting. Chinese Estates has in recent months built up a stake of about 26 per cent in Hongkong and Shanghal Hotels.

Reappointment of Mr Kadoorie ought to have been routine. However, in a surprise development. Mr Lau and other states of the group is annual general meeting. Chinese Estates has in recent months built up a stake of about 26 per cent in Hongkong and Shanghal Hotels.

Mr Lau has attracted controversy.

Mr Lau has attracted controversy over his holding in the Kadoorie's chairmanship was likely to be just the first move by Mr Lau in an effort to lis acting in concert with share-



Lord Kadoorle

ments, after beginning the day at HK\$70. Mr Lau recently acquired Chinese Estates through Evergo, a local electronics group. A second major shareholder in Chinese Estates is Mr Bill Wyllie, who controls the

Regal Hotels group. The Kadoorie family, whose patriarch, the 89-year-old Lord Kadoorie, is Hong Kong's only member of the House of Lords, also has a susbtantial control-

Hutchison sweetens Electric hive-off terms

BY OUR HONG KONG CORRESPONDENT

HUTCHISON WHAMPOA, the The move had come after borrowings repaid and profits share exchange formula Disillu-Hong Kong-based conglomerate months of speculation that a released as a result of this sale sion over the deal played a large controlled by Mr Li Ka-Shing, predator had been building up a have enabled the group to part in puncturing the share yesterday announced revised terms under which it plans to sale extended which a large enabled the group to part in puncturing the share cavening under which it plans to acquire charge. split its subsidiary, Hongkong Electric, the utility company. Proposals unveiled two months ago—to hive off the nonutility operations of Hongkong Electric into a new company called Cavendish International —were fiercely criticised in the

Originally, Hutchison was to

run on share prices in general.
The sweetener unveiled yesterday proposes to provide Hutchison with 26 shares in Cavendish for every 10 in Electric. After various market Electric into a new company called Cavendish International —were fiercely criticised in the Hong Kong stock market as offering few benefits to outside shareholders, though providing clear benefits to Hutchison had been sold. The Whampoa itself.

Electric: After various market eliminated Hutchison's direct 23 and a 4.99 per cent in the exchange for a 53 per cent stake in Cavendish.

Fearson Group of the UK.

On Thursday, Hutchison Merchant banks and investing improvement for outside shareholders, though providing revealed that the stake in institutions in Hong Kong in Cavendish will be challenged the basis on which adjusted only marginally—to Electric. After various market changes are taken into account, this amounts to a 2 per cent improvement for outside shareholders, though providing revealed that the stake in Cavendish.

Merchant banks and investing in Cavendish will be challenged the basis on which adjusted only marginally—to 52.7 per cent.

Santander in German deal | Rhone-Poulenc sees rise

BY DAVID WHITE IN MADRID

BANCO SANTANDER an- to have been DM 150m (\$84m). nounced yesterday that it had completed a deal with Bank of America to take over two of the latter's interests in West Germany, a banking subsidiary and a credit card operation.

The price of the purchase o The price of the purchase, which represents the first venwhich represents the first venture of this kind by a Spanish
ber, also includes Bank of group had consolidated net privatised soon to enable it to
bank in Europe, is understood America's credit card division, earnings of FFr 2bn (\$336m)

The deal of the third that the was anxious to see his group
ture of this kind by a Spanish
ber, also includes Bank of group had consolidated net privatised soon to enable it to

BY PAUL BETTS IN PARIS

RHONE-POULENC, the French last year, slightly lower than Credit (CC-Bank), based in ings this year and next year as included substantial restructuring and specialising in consumer finance,

The deal, which has been to report nighter earns before. However, 1996 earnings included substantial restructuring and ing provisions. Group sales withdrawal from loss-making declined to FFr 52.7bn from sectors, Mr Jean-Rene Fourtou, FFr 56.1bn.

Mr Fourtou reiterated that he

nationalised chemicals group, the FFr 2.1bn earnings the year expects to report higher earn- before. However, 1986 earnings

Aga lifts bid for French gas producer By Sara Webb in Stockholm

Slow growth for sterling paper

Bank of England figures show that new issues slipped from February's £729m to £709m, while maturing issues jumped from £517m to £647m. Since the market opened in May last year, it has been tapped by 36 companies, of which all but five are British.

A small sign of encourage-ment came from the fact that holdings of commercial paper by the monetary sector rose only £3m to £274m during March. The measure indicates the extent to which the banks that are the principal dealers are finding end-investors outside the banking sector.

Aga lifts		NEW	NTERN	ATION	AL BO	ND IS	SUES	
bid for	Berrowers	Aceount.	Metarity	Av. Sie yeers	Coupon %	Price	Sack Renner	Offer yield
There she gos	U.S. DOLLARS		_				Yamalchi lut. (Eur)	2.250
French gas	Chugolo: Marine Paints ¶‡	20 150	1 992 1992	5 5	2¥€ 2	188 198	Yamaichi int. (Eur)	2,008
	Toyo Soda Manufacturing 11 Sunze Ltd. 11	185	1932	5	2 2	180	Homors Int. Dahwa Europe	2.090 2.080
producer	Suzaki Motor 11 Marabeni Corp. 11	180 208	1992 1992	5 5	2	188 108	Yaczaichi knt. (Euc.)	2.060
By Sara Webb in Stockholm	Marubani Corp. (d) .91	188	1992	5	2	100	Mikko Secs (Europe) Hikko Secs (Europe)	2.000 2.000
AGA, the Swedish industrial	Fortsu Ltd. ¶1 Sunitomo Realty & Des. ¶1	386 688	1992 1992	5 6	2 1¥2	100 100	Danie Entabe Mintel 2002 (Exemply)	1.500
gas group, yesterday raised	Daikin Industries ¶1	199	1992	•	2 V &	100	Nomera int. Price Webber let.	7.125 7.084
its bid for Duffour et Igon in the latest round of a hotly	J. Bildner & Sous §‡ Mitsubishi Chemical Corp. ¶‡	27.5 608	2002 1982	. 15 5	7 134	108 188	Nomer let.	1,375
contested battle for the	Tatebo Chemical Ind. 91	50	1992	5	2	180	Niidko Secs (Europe)	2.000 2.258
French industrial gas	Suzutan Co. ¶‡	20	1992	5. 5	2¼ (2)	100 .180	Homer Int. . Niko Seta (Europe)	*
producer. Aga has raised its uncon-	Yamato Transport 9	200	1992		12/	. 140		
ditional offer from FFr 3,500	CANADIAN DOLLARS Bail Canada I	- 150	1992	5	. 10	101	UBS (Secs)	9.738
to FFr 4,000 per share, valuing the French company	AUSTRALIAN DOLLARS		 	 -				
at FFr 532m (\$89.4m).	Bayedsche Vereinsbik 1	80	1996	1	131/2	1011/2	Bayerische Varensbk	13.296
Only 10 days ago, Linde of	Dresdner Finance ‡	100	1991	, <u> </u>	13%	181% 181%	Dresdoer Benk Westill	13.325 13.325
West Germany had been forced to raise its original	WastiB Finance ‡ Hessische Landesbit ‡	58 50	1991 1998	3	13% 14	1011/2	Deutsche Bi. Cap. Micts.	13,381
offer of FFr 2,585 to	Banca Cours. Italiana 🕇	.20	1991	4	14	1017/2	Deutsche Bk Cap.Rikts	13.491 13.372
FFr 3,750 per share.	Swedisk Export Cr. ‡ Deutsche Siedungs L'hk ‡	56 75	1989 1982	2 5	14V± 1334	18174 1827	Salomon Brothers Cincorp, Inv. Bank	13.144
Union Carbide of the US started the bidding at			1992		10 /4		4	
FFr 2,100, while Carburos	D-MARKS Prodential Finance ±	.380	1997	18	•	180%	Morgan Guaranty	5.899
Mealicos, the Spanish gas producer in which Air Pro-	W.Austrelien Trees.Corp. 1	180	1996	Ĩ	\$	100	Bayerische Vereinsbik	6.000
ducts of the US has a	SWISS FRANCS					-,		
minority stake, offered	Galactic Resources 51	50	1995		514	100	Bacque Indosuez Warbury Soditic	5.833 2.500
FFr 2,205 per share. Trading in Duffour et Igon	Interfince (Lint) \$1 Daiwa Danchi Co. ** \$1	59 188	19 <u>82</u> 1982	_	21/2 3/4	100 100	ASS SECURITY SECURITY	0,750
shares closed at FFr 3,865	Tobu Railway Co." ‡	199	1934	_	(114)	100	SBC	0.501
last week as investors clearly	Towe Real Estate** \$1	· 48	1992 1996	-	1/2 (6*4)	100 (180)	Cradit Suisse Fictraliex	a.891
expected the bidding battle to continue before the dead-	Thesing-Vermalt'schaft SBC (Luxumbeurg) ** 1	. 50	1991	=	4	18974	SBC	3.931
line of June 5.	ksatran Voima 🕽	. 60	1995	-	4%	100	Credit Suisse Credit Suisse	4.625 4.750
Last year, Duffour et Igon	kmetran Yoksa ‡ Shoko Chakin Bank ‡	48 186	1997 1994	-	4% 4%	190 199¼	UBS	4,583
had an estimated net income of FFr 14m, compared with	Mounteigh Finance 1	150	1992		5%	188	Warburg Soditic	5,758
FFr 16.5m in 1985. Sales	Crowther Finance (b) §	88	1997	-	(3¾) 5	188 100	Steerson L'man Amer. SBC	5.808
were FFr 370m in 1986.	Hydro Omebec Shinko Wire Co.**	290 15	2002 . 1992	_	474	100	Daj-Ichi Kangyo Bk	4.750
The company's main attrac- tion is that it offers a foot-	Tokin Cerp. ** §	60	1992	. •	(3/2)	*	SEC	*
hold in the French industrial	STERLING							
gas market.	Wates City of L'don (a) %1	30	1994	.7	87	198	Goldense Sachs	8.875 10.315
	Slough Estates 1 GMAC Corp. (UK) 1	• 58	2887 1 99 2	29 5	18 9	97% 181%	Warking Sect Bering Brothers	3,659
Slow growth for	Air Products & Clean, 1	50	1997	. 10	91/2	1884	Bacing Brothers	9.460
_	Nat. Westminster Bk. ‡	100	1992	5	9 9	181% 181%	County NatWest Kleinworth Benson	8.567 8.818
sterling paper	Societe Generale () Morgan Generally ()	50 75	1 98 2 1992	5 · 5	9	1011/2	Morgan Guaranty	8.618
sterning barbox	ECUs -			 -				
By Alexander Nicoll	Life Co. ¶‡	· 48	1992	5 .	156	180	Bge Peribas/Nikko Secs.	1.825
THE STERLING commercial	LIRE	-		.:				
paper market recorded only	Ist.Bea.S.Paelo di T'ino ‡	180bn	1992	5	18	18174	lst.B.S.Paolo di T'ine	9.544
slow growth in March, with	AUSTRIAN SCHILLINGS		· · · · · · · · · · · · · · · · · · ·					
outstandings edging up from £874m to £936m by the end of	Austria (c) ‡	. 758	1995	8	6 ³ /4	100.85	Girozentrale Vienna	4,610
the mouth.	YEN				•			
Bank of England figures	City of Oslo I	20bs	1997	10	42/4	1011/2	Dalwa Europe	4.560
show that new issues slipped from February's £729m to	Belgium I Hokusku Bec.Power I	45ba 20bs	1994 1994	7	4% 4½	181½ 191¾	Romura Int. Mikko Sees (Europe)	4,372 4,2 69
£709m, v/hile maturing issues	Indiana persona 1	20bn	1999	12	4.9	99,25	· Baiws Secs.	4.977
jumped from £517m to £647m. Since the market opened in	* Net yet priced. ‡ Final terms. *	* Private plac	ament. † Ro	ation tate B	etes. T W	ith equity y	corrects. © With gold warrant	s. Il Currency-

rest yet prices. 1 result terries. 1 result personale. 1 results state states and states. 1 when the leads 5 Convertible, (e) With "anney back" equity warrants. (b) Convertible prices and the states of the leads of the leads.

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NEW ISSUE



30th April, 1987

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US MONEY AND CREDIT

Explicit promises fail to convince bond traders

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... French

For nearly a year now, the bond market has been praying for the kind of frenetic volatility that keeps the trades flowing, the spreads widening and the dealing profits rolling in. Finally the gods answered, in the shape of Ronald Reagan, Yasuhiro Nakasone and Paul

Volcker. Since the US-Japanese conductor trade, there knows there confrontation conductor trade, there has scarcely been a single day when bond prices have moved less than a point in one direction or the other. It should have been a licence to print money for the great bond houses.

But now it turns out that one of the market's biggest partici-pants has forgotten the most elementary precautions—with-out which the whole bond business turns simply into a casino for overpaid schoolboys, though

US DOLLAR
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Actual Life & Cas 72- 16
AHFC O'S Fin 114- 94
AIDC 11-89
AIDC 1

Austria Zero 25
Sk of Montreal 142 87
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Bank of Tokyo B1 96
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THESE ARE the kind of roller-coaster days that bond traders' profits into losses within the dreams are made of.

The incredible scale of losses sustained not once but twice within the last few weeks by traders holding unauthorised positions for Merrill Lynch could ultimately turn into as great a setback for bond dealers as the insider trading scandal has become for the corporate finance community on Wall Street Even a firm the size of Merrill Lynch cannot afford to drop a sum like \$260m—double its quarterly net profits—too

Nobody can really guess just how much over-trading is going on throughout the market, or what risks are being morne unknowingly by the firms involved. It seems a fair assumption, though, that the Merrill Lynch disaster will not be the

However, if the managements one where the roulette heroics of some bond houses might now

FT/AIBD INTERNATIONAL BOND SERVICE

welcome at least a brief period long bond gave up 1; points Nakasone will send the investof market stability to Iron out of Thursday's improvement in ment yen surging into or out their trading surveillance systems, there now seems to be in US banks' base rates to 8 little chance of such a wish being granted.

For all the efforts of Mr Volcker and Mr Nakasone to stabilise the dollar with their soothing words in Washington on Thursday, the markets seem to be sceptical to say the least. The 21-point jump in bond prices after Mr Nakasone promised to cut his interest rates, and Mr Volcker said, "Cross my heart and hope to die," in defence of the dollar's current level, was followed by an ominously negative reaction on Friday in both the bond and

currency markets. By Friday evening the dollar had more than lost its Thursday gains, drifting nearly one yen and more than two pfennigs below the point that it had reached just after the Volcker-Nakasone comments the day before. Similarly, the Treasury

All eyes are now on how lessrs Volcker and Nakasone plan to live up to their unusually explicit promises and how these plans affect the out-come of next week's allimportant Treasury auctions.

Will Mr Nakasone really ensure that Japanese interest rates decline, and what will be the impact of any such action on the behaviour of Japanese investors? Money market rates which might be almost identical in a Western market can vary by as much as 2 per cent in as much as 2 per cent in Tokyo, while 10-year govern-ment bonds of identical maturity and coupon have yields that vary from 2.9 to 3.7

per cent. In a market as quixotic as nobody can predict this. whether a nudge from Mr

7.74 3.02 29.16 29.16 105.08 0.41 0.06 0.83 -72.00 78.88 -8.52 45.50 2.75 86.81

The following statistics are due to be released this week, along with other events which will have an impact on the financial markets. The estimates of market expectations are compiled by money market services of Redwood City California.: The Treasury will auction \$10bn of three-year notes to-morrow \$9.75bn of 10-year notes on Wednesday and \$9.25bn of 30-year long bonds on Thursday. The mraket's median expectation for the yield at Wednesday's 10-year auction is 8.40 ner cent. with estimates ranging per cent, with estimates ranging from 8.25 per cent to 8.50 per cent. The 30-year auction is expected to produce an 8.63 per cent yield, with a range of 8.35 to 8.75 per cent.

Money supply figures for the week to April 27 and the month of April will be released on Thursday. The market expects

of April will be released on Thursday. The market expects a fall of \$1bn in M1, with a range of minus \$10bn to plus \$3.5bn. M2 is estimated to have risen by \$16bn with a range of \$7.5bn to \$20bn, and M3 is fore-cast to be up \$21.3bn, with projections ranging from \$7.5bn to \$26bn.

 Friday's employment report for April should show civilian unemployment unchanged at 6.6 per cent, with estimates ranging from 6.5 to 6.7 per cent. The growth of non-farm payrolls, another closely watched indicator of economic conditions, is thought to be 225,000, with fore-casts of the rise ranging from

180,000 to 350,000. In March

non-farm payrolls grew by

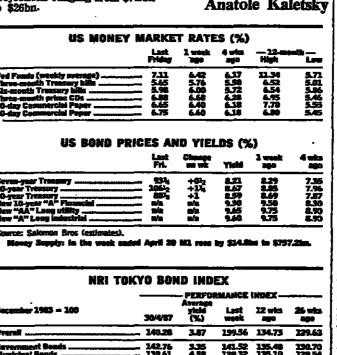
US TREASURY YIELDS

May 1,1987

Source - TEORNICAL DALA

April 3,1987

Anatole Kaletsky



Why US rates rise should bypass Britain

ANY RESIDUAL worries the gilt market had that the up-wards move in US short rates signalled an end to the downtrend in UK rates were laid to rest last week by the Tuesday domestically. cut in base rates. Effectively, it seems, monetary policy in the two countries has been de-coupled. The crucial questions must be: for how long and with what effect?

failed decoupling was in 1984. During the first half of that year, US short rates rose steadily while UK rates were more or less unchanged. Widening from a } per cent differential in January, the gap in favour of the US had moved to almost 3 per cent by late June. During the same period, but extending a trend that first became established in the mid-1970s, the yield gap on 20-year bonds also moved sharply in favour of the

At this point, the more learned members of the financial community pointed out that there was no reason why decoupling should not be a longterm feature of the markts: it all depended on exchange rate expectations. And so it did: by mid-year, sterling had buckled and interest rates in the UK were forced up to match those in the US The convergence in in the US. The convergence in bond yields took slightly longer, and parity was not reached until mid 1985.

Two years on, with UK long bond yields again set to fall below those in the US, the question has been murmured: can interest rates be decoupled from those in the US? This time, the argument is of a more

tend to slow growth there— thereby increasing the necessity for the rest of the industrialised countries to generate demand

rates already at near-record lows, the chief beneficiary in UK: having been forced to main tain a stringent interest rate The most graphic example of regime in order to protect an ided decoupling was in 1984. The first half of that ment of the UK situation is likely to leave considerable scope for rates to fail closer into line with those in Japan

The convergence with US short rates is likely to be even more dramatic—and by the end cast to be 8 per cent the gap which now stands at 2; per cent may have almost closed. In the longer term, so long as the US fails to address the fundamental imbalances in its economy, monetary policy will continue to diverge.

During the second half of 1987 (in what is now almost certain to be a post-election environment) the gilt market will prosper from a better domestic fundamental background than feared—without the signs of overheating that have been predicted. Inflation seems unlikely to be above 4 per cent at the year-end and the feared balance of payments crisis will remain the ghost of yesteryear. More importantly, however, entry into the European Monetary System (probable, though not certain) will profier to the international investor the currency protection that will make the relatively high UK yield structure im-

measurably more attractive. At the same time as short rates in the UK and US move together, long bond yields are expected to have crossed decisively. At the end of this year, US Treasury 7; per cent 2016 is expected to be yielding around 91 per cent; a compar-able UK gilt is expected to be on a yield of 8 per cent. In an international perspec-

tive, the attraction of the UK market is clear. In the eight months to the end of the year, gilts are expected to outper-form not only US Treasuries: the scalps of the German and Japanese markets will be gained

Richard Jeffrey Hoare Govett

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Tessecc Corp. 11-1, 99 ...
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Tessecc Corp. 11-1, 99 ... global nature: the debate is whether higher short rates in the US will necessitate similar 1051, 1121, 1051, 1051, 1051, 1051, 1051, 1051, 1061, 1061, 1061, 1061, 1061, 1061, 1061, 1061, 1061, moves in Japan, West Germany Dow Chemical 7 77 Eurofina 61-95 Eurofina 61-92 FNMA 61-92 EMAC 61-90 Inter-Amer Dev 77-93 As evidenced by the cut in UK base rates last week, the Source: Salomon Bros (estimates). answer is, quite clearly, no. It is not excess demand or the threat of rising inflation that is putting upward pressure on US rates, and it is not the extent of the trade deficit (perhaps it should be); rather, it is the December 1983 = 100 necessity to protect the dollar from collapse. Overall ... Almost by definition, the upward trend in US short rates has increased the pressure for lower rates elsewhere. This argument has two strands: most 142.76 139.61 140.48 134.52 137.25 138.44 141.52 139.32 140.19 134.12 136.99 138.26 LUXFR STRAIGHTS Adan Dev Bank 64, 87 obvious, exchange rate pressures will be more effec-4.17 tively relieved if Japanese and German rates decline as US rates rise. In addition, however, This announcement appears as a matter of record only. These Securities have not been registered under the United States Securities Act of 1933 and may not, as part of the distribution, be offered, sold or delivered, directly or indirectly, in the United States or to United States persons. 7104 9.78 9.40 10.51 10.61 9.38 9.70 11.77 9.63 10.35 10.26 10.26 10.27 New Issue / April, 1987 ### Page 11 | Page 12 | Page 13 |
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7.84 7.85 7.94 13.06 8.22 7.43 13.12 7.75 13.13 7.70 13.13 1 Ú.S. \$100,000,000 FEDERAL REALTY INVESTMENT TRI 51/4% Convertible Subordinated Debentures Due 2002 9.72 8.43 9.49 9.54 9.78 9.78 9.78 9.78 9.78 9.48 9.45 9.25 9.27 9.47 9.40 Salomon Brothers International Limited Prem 32.44 64.36 11.13 53.57 -0.02 19.46 22.19 -3.37 37.38 77.07 10.61 51 51 51 Bank Brussel Lambert N.V. Credit Suisse First Boston Limited **Deutsche Bank Capital Markets Limited** Daiwa Europe Limited Yeld 7.96 7.26 7.23 9.84 9.82 8.91 9.82 7.05 9.77 7.46 Goldman Sachs International Corp. Morgan Stanley International Nomura International Limited

Swiss Bank Corporation international Limited

S.G. Warburg Securities

Norton

By Clay Harris

Opax sells

publishing

side in UK

Norton Opax expects to realise £10m to £15m from the disposal of its UK publishing interests, which it is selling in order to concentrate on specialist printing and nackaring.

packaging.
The group plans to sell Headway Publications, publisher of British Airways' High Life, National Westminster

Rank's Moneycare and other corporate magazines; Manor House Press, publisher of trade annuals; and Opax Publishing, which produces

the County Life series as well as couriesy magazines for hotels.

The three subsidiaries, with combined annual profits of

about £1.5m, will be auctioned

separately by separately the company's

merchant bank.

Mr Robert Maxwell's 24
per cent stake in Norton, a
relic of the company's
narrowly won takeover last
year of McCorquodale, a
larger printing group, was
not a factor in the decision,
Mr Richard Hanwell, chief
executive, said yesterday.

He did not exclude the

He did not exclude the possibility that one of Mr Maxwell's companies might be in the market for one or

more of the divisions but he said that Mr Maxwell would

understand the wisdom of using an auction to get the

Norton Opax also an-nounced yesterday the stream-

lining of its main board from 12 to six people as part of a restructuring of the group.

In addition to Mr Hanwell as group chief executive, the

board now comprises Mr David Rocklin, chairman; Mr

Bavid Rockin, charman; mr Roger Dimbleby, finance director; Mr John Grainger and Mr Philip Cushing, chief executives respectively of UK and international operations; and Mr Joe Wiltshire as a newsymitae director.

cash and carry loss

Sharna Ware, the toy

manufacturer, expects to have last up to £600,000 in the first four months of this year on its only remaining cash-and-carry store, which it closed

The company, which lost 1492,000 before tax in 1986, disclosed the figure for the store at Bidston, Birkenhead,

Merseyside, in the listing particulars for the £1.07m

JO Hambro Investments a

Sharna Ware said that no

provision had been made for the costs of the Bidston

closure or the sale in February of its store in Stockport.

designers, builders and specialist piling sub-con-

tractors involved in the con-

struction of the Bidston store for more than £750,000. Sharna Ware said that it

building work if the claim, due to be heard in October, is

nure, notice is bereby given that the Rate of Interest for the period 1st.
May, 1987 to 1st August, 1987 has
been fixed at 7.375 per cent per

amount. The Interest Amount, as defined, of US\$18.85 will be payable

on 3rd August, 1987. Barclays de Zoste Wedd Limited.

Agent Bank

would be liable for rem

not successful.

nary of its store in both the developers, builders and

29.9 per cent holding.

non-executive director.

By Clay Harris

last week.

Montagu, the merchant bank.

Eric Short on Sun Life's battle with Liberty Life

Pearl favourite for friendly merger

THAT Sun Life Assurance Society, a leading life company and financial services group, now appears ready to contemplate rescue by a British rival, shows how determined it is to prevent Liberty Life of South Africa from gaining effective control.

Pearl Assurance has emerged as the favourite candidate for a friendly merger just as an intense battle of words, with Sun Life using language reserved for a bitterly opposed takeover, was reaching its peak. To the uninitiated, the issue looks straightforward. Trans-Atlantic Insurance Holdings, Sun Life's largest shareholder with 25.7 per cent, is seeking to get three of its top executives appointed to the board of Sun Life.

So why is the Sun Life board. as the favourite candidate for

So why is the Sun Life board under the chairmanship of Mr Peter Grant, so vehemently opposed to this proposal and determined to defeat it?

Shareholders need to go back a few years when Mr Donald Gordon, chairman and chief executive of Liberty Life, acquired the stake in Sun Life through TransAtlantic, which until the end of last year was subsidiary of the South African company.

He made no secret that he regarded Sun Life as a means of penetrating the UK market as part of Liberty Life's strategy to become an international group.

Mr Gordon's proposals were either turned down by Sun Life or he considered that the price of co-operation—the selling of the equity stake-was too high. Grant-who has become per-

duced to the Stock Exchange

At the time of the introduc-

maximum £2.4m. In the event

they came to £2.71m and reflected a 31 per cent increase

over the previous year's £2-07m.

Shipbroking profit rose 16.5 per cent to £2.84m, helped by

including 18th May 1987 from:

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Stock Exchange, London EC2.

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Clarkson tops forecast

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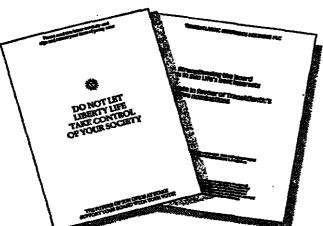
Birmingham B169NA

and up to and including 7th May 1987 from the Company Announcements Office, The

5th May 1987

the statistical service maintained by Extel Statistical Services Limited.

with 31% profit rise



Relations between the two sonally involved—and his board groups, never very cordial, was extremly strong, to put it plummeted in January when middy.

TransAtlantic blocked Sun "Do not let Liberty Life take life's plans to become a hold-

ing company.

In the end, Mr Gordon resolved the situation by letting shareholders decide the future development.

Transatuantic is proposing three of its top executives for election to the board, although Mr Gordon has been careful not to put his own name forward. If this proposal succeeds at Sun Life's annual meeting a week tomorrow, TransAtlantic would have three representatives out of 16 board members —a move that, in arithmetic does not represent control.

Yet the reaction from Mr

appointment of three electuves with proven experience, listed in the document sent out over the weekend, will be very much to the benefit of the future development of Sun Life. It turns the vitriolic language of Sun Life back on its source by asking why such a modest proposal has provoked such a

strong reaction and pointing out that three out of 15 directors does not mean control. After again reassuring that it has no intention of seeking control, TransAtlantic counter-attacks by claiming that Mr Grant must take much of the responsibility for the present impasse.

It goes further, however, and indicates that it "may find it difficult to support" the re-election of Mr Grant to the

board next week.
One may question the methods used by Mr Grant and the board, but there is no doubt that shareholders in Sun Life will be taking notice of the resolutions. The company has booked Goldsmiths Hall for control of your society," was the board's message to sharenext week's meeting, rather than the usual venue of its own "Control of the society must not pass through the back door," is another message. Strong language to oppose a simple resolution for election to

A rejection of TransAtlantic's proposals next week — or the emergence of a "white knight" in the meantime — would not end the battle.

It would be putting Mr Grant and Sun Life's board on warn-ing that it had 12 months to direct appeal to shareholders by newspaper advertisements using language which would be unlikely to survive the scrutiny of the Takeover Panel, if a bid get a merger deal put together. And such a move could herald a battle royal if Mr Gordon decided to preserve his interests TransAtlantic has been more with a counter bid, rather than restrained, stating that the sell out.

Sunleigh's unproven record attacked by Dale Electric

was in progress.

holders.
Liberty Life still holds 48 per

cent of TransAtlantic and Mr Gordon is still chairman.

Sun Life has followed this

of the forecast were achieved in the second half, while in-by Rorace Clarkson, the ship surance broking advanced 34 Dale Electric, the power management change when four systems manufacturer, has hit former or current directors of back at predator, Sanleigh the fully-quoted group, FKI Electronics's "unproven record Electricals, came onto the board and untested management" in FKI holds one-quarter of Suna strongly-worded defence leigh's shares. ping, shipowning, and insurance per cent to £933,000. broking group which was intro-duced to the Stock Exchange last June.

Shipowning losses showed a big improvement, declining from £1.03m to £781,000. The final dividend is 2.750

the board.

Dale accuses Sunleigh — relationship with its major whose paper-only values the shareholder should be excompany at £12.1m—of having plained," says the document. "a short and unconventional "Two of Sunleigh's four thereby maintaining the total issue the directors estimated 4.75p net rate on the increased pre-tax profits for 1986 at a capital. Earnings were 8.4p Mr Carron Greig, the chairman, said the group had a good year in a difficult environment in the traditional shipbroking career as an unlisted company in which it has altered with bewildering speed."
Sunleigh is quoted on the
USM, and last year saw

Kleinwort Benson Limited

20 Fenchurch Street,

London EC3P3DB

was one in which an FKI director had a substantial shareholding. Is Sunleigh a 'dustbin' for FKI?" Dale goes on to attack the combination of merger and acquisition accounting and the This notice appears in accordance with the requirements of the Council of The Stock Exchange.

The Council has admitted to listing the securities mentioned below.

level of extraordinary costs in 1986. In defence of its own record, Dale says it has tried to diver-sify away from generating sets, which were heavily dependent on oil states' demand, so that these now account for under half the company's sales.

"The nature of Sunleigh's

acquisitions in 1986 were pur chased from FKI, and a third

The company tumbled to a £961,000 loss in 1985-86, but Dale blames this on world demand for generating sets and problems at its Thai subsidiary, and points to first half profits of £539,000.

"The recovery continues." says chairman. Mr Joseph Palmer, suggesting that a profit forecast may be forthcoming

Yesterday, Mr Tony Merry-weather, chairman of Sunleigh, rejected the document as "a lot of hot air. They haven't done anything to show firm recovery—if they've had a major turnround, let's see it,"

BOARD MEETINGS

rafeigs: House. Finals—Ambross Investment Trust, Jarby Srewary, Joseph Holt, Hopkin-Jons, Minet Holdings, Silentnight,

Interime -rooke Tool Englassing May 19 May 18 lied Lyans External Investment Trust ...

PIMA Savings and Loan **Association** 05\$100,000,000 Collateralised Floating Rate Notes dne 1995

FUTURE DATES

THE THARSIS PUBLIC LIMITED COMPANY

The Annual General Meeting of the Company will be held on Thursday 11th June, 1987, at Núñez de Balboa 120, 28006 Madrid. The following features are from the circulated statement of the Chairman, Mr. Frédéric Velge.

While the pyrites trading conditions during the year deteriorated, the property development activities were extremely successful and contributed totally to the profit after tax of £1,356,105.

The future of the European chemical industry cannot be forecast with any certatinty. However, the Directors are pleased to recommend a final dividend of 10.5 pence per share in respect

Trading activities in pyrites were significantly affected by the depressed state of the chemical industry which resulted in a trading loss in this area.

The reduction in mineral trading was offset by significant sales of development property. Our house development project is now complete and without a further investment we cannot expect significant revenues from land development at Corrales but a new land development project, in the same area, is about to be approved by the authorities and work commenced in the forthcoming year. The Board are considering a number of other opportunities for future investment in the property development activities of the Company.

The level of current contracts would indicate that the volume of pyrites trade in 1987 will be similar to that of 1986, however, in the first quarter of 1987 a small additional tonnage has been

Fraser selling funeral side to CWS and Hodgson

The House of Fraser is expected to amounce today that it has concluded the largest deal in the history of the funeral Hodgoon has grown rapidly the history of the funeral Hodgoon has grown rapidly the history of the funeral Hodgoon has grown rapidly services industry by selling its undersking interests to Hodg-son Holdings, the fast-growing funeral group, and to the Co-operative Wholesale Society.

In the deal Hodgson should acquire the larger part of the group, the House of Fraser's funeral business in England, which formerly traded as Ingail Industries, while the Co-op should take over its Scottish interests.

By acquiring the English business Hodgson would add 53 branches involved with 13,300 funerals a year to its business. It would thus become the second largest undertaker in the UK, following the Co-op, conducting over 4 per cent of all English funerals.

The House of Fraser bought operative Society was cast as Ingalls two years ago for £9.6m and is thought to have sold it to Hodgson for more than £15m. The CWS has confirmed that it is in negotiation with the

or mongeon monangs, was the available for comment.
Hodgson has grown rapidly since the mid-1970s when Mr Hodgson bought a Birmingham funeral home and two undertakers from his father. The pace of growth has accelerated since the company joined the Unlisted Securities Market last June. Its share price, which was suspended four weeks ago pending an acquisition announcement, has more than trebled since the flotation and the company is now capitalised at \$29.3m.

For the CWS the opportunity

For the CWS the opportunity to acquire the House of Fraser's Scottish interests must be par-ticularly gratifying. In 1985 the House of Fraser succeeded in taking over Ingalls by playing the role of the 'white knight' in a bitterly contested bid in which the Greater Midlands Cowhich the Greater Midlands Co-operative Society was cast as

House of Frasar. Should it succeed in taking over the Scottish business it will add an additional 9,500 funerals a year to its undertaking interests. The Co-perative movement already dominates the funeral industry, after the acquisition it would conduct more than a quarter of all the funerals in Britain. In the last decade or so the In the last decade or so the undertaking industry has underundertaking industry has undergone a dramatic transformation.
Hitherto it has been fragmented between thousands of
independent family firms, but
in recent years a new breed
of mini-conglomerates has
emerged. Three companies all
quoted on the USM—Great
Southern Group, Kenyon
Securities and Hodgson—have
built up substantial funeral

sition.
Thus far this takeover activity has centred on small, family firms. Hodgson's purchase of the House of Fraser's English interests would be by far the largest deal of all.

built up substantial funeral services groups through acqui-

Era Group returns to the stock market today BY CLAY HARRIS

Era Group, formerly "The Times" Veneer, is due to return to the stock market today after a six-week suspension. It plans to move quickly to acquire another niche retailer.

another niche retailer.

Consumer products is likely
to be the next move for Ers.

After the sale of the original
veneer business to management. Lexterten, the reproduction furniture manufacturer and retailer bought in March for

retailer bought in March for 200.9m, now accounts for about 90 per cent of Era.

Lexterten opened its 29th store last week in Cambridge. It plans to have 50 to 60 in the UK within three years and then expand into West Germany, according to Mr David Llewellyn, Lexterten chairman and Era's new managing

The company had a market value of £13.4m when its shares were suspended at 75ip on March 20. Since then, Era has nearly doubled its fully diluted Sharna Ware's £0.6m share capital with the issue of 10.5m ordinary shares and convertible preference shares representing an additional 5.7m ordinary shares.

Era is nevertheless prepared to issue more shares to fund its expansion. "I don't think any of us has any hang-ups about dilution (of shareholdings)," says Mr Robert Newman, director responsible for acquisi-

The merged company had Meral SoxJun 9 Final 2.55

pro forma earnings of 2p per

share in 1986 compared with "The Times" Veneer's actual 0.1p earnings. The sale of the veneer business freed cash re-sources of £1.2m and made a 2.3-acre site in north London available for sale or develop-

Allied London

First half profits of Allied London Properties rose 23 per London Properties rose 23 per cent, from £1.44m to £1.77m, and the directors expressed confidence for the full year. They expected an increase over the £3.9m of 1985-86.

Since the half year the company purchased an office building in central Harlow and contracted to purchase six retail warehouse stores and garden centres, for a total of £17.75m.

centres, for a total of £17.75m, Earnings in the half year worked through at 2.63p (2.8p)

PENDING DIVIDENDS

Dates when some of the mure important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements except where the forthcoming board meetings (indicated thus?) have been officially notified. Dividends to be declared will not necessarily be at the amounts in the column headed "Announcement last year."

	- 3	•	
Date	Announce- ment lest year	Date	Announce ment last year
"Allied-Lyons Mey 19	Final 6.25	•Northern .	
Assoc. British		FoodsJun 15	Final 3.75
FoodsMay 19	Final 4.2	PlagadyMay 22	Final 4,17
Aust & NZ		Polly Pack May 30	Interim 1.
Bank	interim 15 cts .	RHMMay 20	interim 2.
BOCMay 21	lateria 4.37	RedlandMay 29	Final 7.61
BassMay 20	Interim 4.2	Reed intlJun 4	Final 16.0
*Boots	Final 4.6	*Royal Bank	
British &	=	of Scotland May 6	interim 4.
Com'withMay 15	Final 2.8	Saatchi &	•
BunziMar 31	Final 4.2	SantchiMay 29	interim 7.
CoaliteMay 28	Final 5.5	Sainabury J. May 20	Final 3.85
Courtaulds May 29	Final 4.76	SearsMay 13	Final 2.5
De La RueJuma 3	Final 24.75	Skatchleyum 3	Final 12.8
*English China		StakiaMay 8	interim 0.
ClaysMay 14	interim 4.25	StorehouseJun 5	Final 5.7
ExtelMay 8	Final 8.0	*Tretaloar	
Fernuson	. 11-21 414	HouseMay 6	Interim 6.
industrial May 22.	Final 5.15	*UEI	Final 3.5
*Grand Met May 14	Interim 4.0	*Ubd.	- 11.0
	Interio 1.4	ScientificMay 7	Interim 2.
Herrisons &		WhitbreadMay 21	Final 5.55
CrosseldMay 28	Final 15.5	Wolverhampton &	CHIAL SIGO
-Taud	4 hours 1492	Dudley Brs May 29	Interior 3.
SecuritiesMay 13	Final 6.9	read no way to	· is was Mil. 3.
*Marks and	1 41101 000	Beard meeting intim	start + DI
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	•	IANC	ial t	IMES	STO	CK II	NDICI	ES		
	May.	Apr. 30	Apr. 29	Apr. 28	Apr. 27	Apr. 24	High	87 Low	Since Co High	mpliation Low
Government Secs	91.96	91.69	91.85	97.56	91.64	91.62	92.19	84.49	127.4	49.18
Fixed Interest	97.37	96.86	96.93	96.35	96.62	97.47	97.98	90.23	150.4	50.53
Ordinary	1626.9	1612.0	1608.6	1589.4	1565.2	1580.9	1626.9	1320.2	1226.9	49.4
Gold Mines	444.4	447.3	439.2	440.1	463.6	444.4	485.0	288.2	734.7	43.5
FT-Act All Share	1032,48	1023.58	1017.89	1010.75	994.81	1001.33	1032.48	835.48	1032.48	61.92
FT-SE 100	2068.5	2050.5	2038.6	2022.1	1986.6	2001.5	2068 5	1680.0	2068 5	984.0

BFCE

BANQUE FRANÇAISE DU COMMERCE EXTÉRIEUR

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UNCONDITIONALLY GUARANTEED BY THE REPUBLIC OF FRANCE

Issue price: 101 %

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CRÉDIT COMMERCIAL DE FRANCE

DRESDNER BANK ARTERCESCUSCHAFT

KLEINWORT BENSON LIMITED

CREDIT SUISSE FIRST BOSTON LIMITED

BANQUE INTERNATIONALE A LUXEMBOURG S.A.

BANQUE PARIBAS CAPITAL MARKETS LIMITED

ALGEMENE BANK NEDERLAND N.V. BANQUE BRUXELLES LAMBERT S.A. BANQUE NATIONALE DE PARIS CAISSE DES DÉPÔTS ET CONSIGNATIONS CRÉDIT LYONNAIS

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MERRILL LYNCH CAPITAL MARKETS

MORGAN STANLEY INTERNATIONAL NOMURA INTERNATIONAL LIMITED

NIPPON CREDIT INTERNATIONAL LIMITED SECURITY PACIFIC HOARE GOVETT LIMITED SHEARSON LEHMAN BROTHERS INTERNATIONAL

SWESS BANK CORPORATION INTERNATIONAL LIMITED S.G. WARBURG SECURITIES

SUMITOMO FINANCE INTERNATIONAL UNION BANK OF SWITZERLAND (SECURITIES) LIMITED

MARCH 1987

NOTICE OF REDEMPTION TO HOLDERS OF **BANQUE NATIONALE DE PARIS**

Kuwaiti Dinars 10,000,000

74 per cent. Bonds Due 1989

Sixth Mandatory Redemption Due 15th June, 1987, Of Kuwaiti Dinars 1,500,000

Exercise of Call Option By Banque Nationale De Paris on 15th June, 1987, Of Remaining Balance, Kuwaiti Dinars 3,500,000

NOTICE IS HEREBY GIVEN that, pursuant to condition 5(A) of the above mentioned Bonds, Kuwait Investment Company (S.A.K.), as Fiscal Agent, has drawn by lot, for redemption on 15th June, 1987, at 100% of the principal amount thereof, through operation of the Sinking Fund, Kuwaiti Dinars, 1,500,000 principal amount of said 7½% Bonds due 15th June, 1989, bearing the following distinctive

5=			
	00526-00588	03736-03798	06186-06248
	00841-00903	03881-03943	06480-06542
	01105-01167	04218-04280	07938-08000
	02896-02958	04400-04462	08911-08973
	03110-03172	04975-05037	09060-09122
	03238-03300	05148-05210	09518-09580
	03324-03386	05247-05309	09715-09777
	03579-03641	05413-05475	09858-09908

Furthermore, pursuant to condition 5(B) in the terms and conditions of the Bonds, BNP has elected to prepay all other outstanding Bonds bearing serial numbers other than those listed above in the aggregate amount of Kuwaiti Dinars 3,500,000 at a redemption price of 1002% of the principal amount thereof on 15th June, 1987.

All Bonds will become due and payable in Kuwait Dinars at the offices of Kuwait Investment Company (S.A.K.), Mubarak Al-Kabir Street, Kuwait City, State of Kuwait, or, at the option of the bearer, but subject to applicable laws and regulations, at Cribank, N.A., 336 Strand, London WC2R IHB, and at Banque Nationale de Paris (Lunembourg) S.A., 24 Boulevard Royal, Luxembourg, by cheque drawn on a Kuwaiti Dinar account, with, or by a transfer to a Kuwaiti Dinar account maintained by the payee with, a bank in Kuwait.

Bonds should be surrendered for payment together with all unmatured coupons appertaining thereto, failing which the face value of the missing unmatured coupons will be deducted from the principal amount.

From and after 15th June, 1987, interest on all the Bonds of the above mentioned issue will cease to accrue.

Dated: 4th May, 1987.

KUWAIT INVESTMENT COMPANY (S.A.K.) on behalf of

CITIBANC

fully paid

1,407,540.85

2,137,500.00

3,545,040.85

Christiania Bank og Kreditkasse

(Incorporated in the Kingdom of Norway with limited liability) U.S.\$200,000,000

Primary Capital Undated Floating Rate Notes

Notice is hereby given that the Rate of Interest has been fixed at 7%% and that the interest payable on the relevant Interest Payment Date November 5, 1987 against Coupon No. 2 in respect of US\$10,000 nominal of the Notes will be US\$386.53 and in respect of US\$250,000

This notice is issued in compliance with the requirements of the Council of The Stock Exchange. It does not constitute an

invitation to any person to subscribe for or otherwise acquire any shares in Era Group PLC

ERA GROUP PLC

(Registered in England No. 351340)

(Formerly "The Times" Veneer Co. P.L.C.)

Application has been made to the Council of The Stock

Exchange for the whole of the issued ordinary Share Capital

formerly listed on The Stock Exchange and the new ordinary shares allotted on 1st May, 1987 to be admitted to the Official List.

The following table sets out the share capital of Era Group

ordinary shares of 5p each

9% (net) Cumulative Convertible

Preference Shares of 25p each

Listing particulars relating to Era Group PLC will be

circulated in the Extel Statistical Service and copies of such

particulars may be obtained from the Company Announce-ments Office, The Stock Exchange, Throgmorton Street, London EC2 2BT for two days from the date of this notice (for collection only) and, during normal business hours (Saturdays and public holidays excepted), for 14 days from

35, North Audley Street No. 1 London Bridge,

Sheppards

London SE1 9QU

nominal of the Notes will be US\$9,663.19.

May 5, 1987, London By: Citibank, N.A. (CSSI Dept.), Agent Bank

PLC as at the date hereof:-

the date of this notice from:-

Era Group PLC

London W1Y 1WG

Authorised

2,250,000

2,137,500

4,387,500

5th May, 1987

51,550 3,292 47,568

UK COMPANY NEWS

Britannia flotation via offer for sale

BY RICHARD TOMKINS

May 5 1987

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Britannia, a Cheltenham-based property developer, seems set to become a member of a very small club when it is floated on the stock market

next month.

It plans to be only the third company this year to have chosen the offer for sale route to a quotation when it could have opted for a cheaper and

have opted for a cheaper and easier placing.
So far this year, only two new issues, raising less than the £15m limit on placings, have chosen offers for sale: Capital Radio and Sock Shop.
Britannia, which is advised by Brown Shipley, the merchant bank, is inclined towards an offer because it hopes the publicity will enhance its standing with major clients. "It is a small company with hig aspirations," Brown Shipley says.

aspirations, Brown Simpley Says.

The company is likely to come to the market at a value of £12m to £15m. About 30 per cent of the enlarged equity will be sold, more than half of it in the form of new shares issued by the company. Brokers to the issue will be Heseltine Moss.

Britannia carries out a wide range of property development and construction projects, mainly in the Cheltenham, Gloucester and Swindon areas.

Hillards plans 'too little

attacks Hillards' forecast of not RANDSWORTH TRUST has

less than £15m pre-tax in 1987- exchapged contracts to acquire SS; "achievement of this fore- 19 UK property investments

too late' says Tesco



The principal shareholders of Britannia Group-left to right-Irwin Richards (managing director), James Sugrue (chairman), Robert Herrick (civil engineering director)

a civil engineer mainly engaged in the business in 1978. in dismantling coal gas holders and reclaiming the land they were built on for development. Instrumental in achieving the transformation was the

company's present-day chair-man, Mr James Sugrue, 52. He man, Mr James Sugrue, 52. He is bringing the company to the market with the two other principal shareholders — Mr Irwin Rickards, managing director, and Mr Robert Herrick, civil engineering director.

Gloucester and Swindon areas. It is involved in industrial development, housebuilding and commercial property, and recently it has specialised in out-of-town retail projects for major chain store groups.

The company has changed significantly since it was founded in 1960. Then, it was ceased to be actively involved

achieving gross margins of 8 to 12 per cent on construction and civil engineering projects, and 18 to 40 per cent on property and land development. With borrowings substantially

repaid last year, and with the help of a £490,000 gross profit on the sale of development land, pre-tax profits rose from £296.000 in 1985 to £801.000.

Britannia seems likely to be coming to the market on a fore-cast of roughly double that for the current year, not least because of the realisation of profits on Britannia House, a conversion of the former ABC cinema site into an office building on Cheltenham's famous Promenade.

The probable injection of fam to 55m into Britannia as a result of its flotation will greatly increase its scope for property development, and the group is especially optimistic about the growth prospects in the leisure and retail sectors.

The rating on which the company's shares will be floated is still being discussed, but is-likely to be set somewhere between the relatively low mul-

The result is evident in the profits record. The pre-tax figure fell from £242,000 in 1983 to £100,000 in 1984, partly because of the weight of interest charges produced by the buy-out, and partly because the group was pursuing less engage. between the relatively low multiples attracted by building and construction companies, and the higher multiples attracted by the developers.

The recent flotations of housebuilders Wilson Bowden and Charles Church Developments were not very well received, but shares in Waterglade International, the property developer floated last group was pursuing less specu-lative cash-generative business at lower margins. The company says that in property developer floated last month by Brown Shipley at 140p, were at 183p last week. spite of competitive pressures in the building industry and its difficulty in fluancing longer-

David Smith spending £9.5m on acquisitions

The buy-out cost nearly 52.2m, financed through an

overdraft from Barclays Bank.

Since then, the present manage-ment's top priority has been to

generate cash to repay the borrowings.

Tesco, the supermarket group, has posted its final offer document for Hillards, the Yorkshire chain, reiterating that its target's investment plans are "too little and too late." It also purchased a further 200,000 Hillards shares, the logical conclusion taking its stake to 111 per cent. David S. Smith, packaging, Marden, trail. In a tidying-up operation, it has acquired the outstanding minority capital of its St Regis Packaging subsidiary, and also revealed the purchase of Severnside, a waste paper pro-cessing company. taking its stake to 11.1 per cent.

"Hillards future is vulnerable stores, improving the sales mix to rapidly increasing competition in its trading region," claims the document. It also

The minority holding in St Regis Packaging, comprising 20 per cent of the equity capital and 3.99m preference shares, was purchased from Lawson Mardon for £6m cash, payable at the end of June. waster paper by securing waster paper by securing 20 per cent of the equity capital 20 per cent of the equity capita

paper and board manufacturer, profits of £427,607 on a turnhas returned to the acquisition over of £9.82m in the year to December 1986. Net assets at that time amounted to £2.48m. Mr Richard Brewster, chief

executive, said that the acquisition of Severnside "would complement group activities in the factoring and processing of waster paper by securing a greater involvement in the sourcing of raw materials for the British paper and board in-

It was a further step in the Severnside, purchased for group's programme of expan-£3.5m cash, also from Lawson sion, he added. A FINANCIAL TIMES SURVEY

PACKAGING

This Survey is due to be published on May 29, 1987

It will feature articles on: THE CHALLENGE OF PLASTICS **NEW FRONTIERS** THE GLASS MAKERS ALUMINIUM PAPER AND BOARD

If you wish to know more about this Survey and would like an editorial synopsis or information on advertising, please contact:

> on 01-248 8000 ext 4807 or write to him at Bracken House, 10 Cannon Street

JOHN WISBEY

London EC4P 4BY The content, size and publication dates of Surveys in the Financial Times are subject to change at the discretion of the Editor

FOREIGN EXCHANGE

The Financial Times proposes to publish its annual Survey on Foreign Exchange on

JUNE 2

Among the subjects reviewed will be: The Economic Policy Co-ordination

Liberalisation of Markets The Dollar

The EMS and defence of parities Foreign Exchange and Money Brokers Hedging Instruments The Corporate Treasurer

For more information regarding advertising in this Survey and a copy of the synopsis contact:

> David Reed Financial Times Ltd Bracken House 10 Cannon Street London EC4P 4BY Tel: 01-248 8000, extn 3461 Telex: 885033

FINANCIAL TIMES

ISRAEL

The Financial Times proposes to publish a Survey on Israel on TUESDAY MAY 19 1987

Under its grand coalition government, Israel today is a calmer, more stable country than it has been for many years. Last year's handover of the premiership from Labour's Shimon Peres to Mr Yitzhak Shamir of the Likud went more

smoothly than many had expected, and elections are not due again until mid 1988.

For information about advertising in this Survey. please contact:

Hugh Westmacott on 0532 454969 Tx: 666813

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Simon Timmis on 01 248 8000 Tx: 885033

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SPONSORED SECURITIES Change Gross Yield | Change | Cross | Change | Ch 7,987 473 Bray Technologies CCL Group Ordinary CCL Group Ordinary 135 CCL Group 11pc Conv Pref 101 1,263 16,232 658 1,753 9,639 6,509

9,200 2,322 847 3,915 Torday and Carlisle 158
Trevian Holdings 330
Unilock Holdings (SE) 87 3,808 1,496 17,400

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Granville Davies Coleman Limited

cast . . . would only be at the owned by Fisons Pension Trust cost of longer-term profits." for £8m cash. Consideration But Hillards immediately will be met from Randsworth's fired off a lengthy rebuttal of own resources. This announcement appears as a matter of record only.



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£75,000,000

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May 1987

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Summary of our Annual Report 1986

1985 DM 3,865 million DM 3,413 million DM 2,830 million DM 2,195 million DM 150 million

DM 11,881 million

Business Volume Total Assets Deposits Bill and Advances **Capital**

Consolidated Total Assets

New York

Sal. Opporhsi

1986

DM 3,930 million

DM 3,521 million

DM 2,870 million

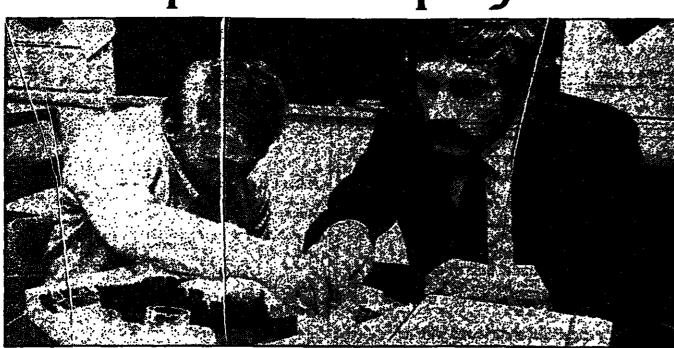
DM 2,194 million

DM 160 million

DM 12,287 million

GIVE AS YOU EARN

To make Payroll Giving work for others we need a little help from employers.



Give As You Earn is a 'Payroll Giving' scheme made possible by a change in the tax laws. With your help, your employees can now give up to £120 a year from their pay before tax to any charities they choose.

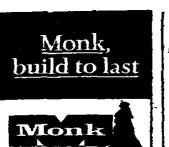
This means every £1 they give will only cost them 73p (assuming basic rate tax). The other 27p which would have gone in tax now goes instead to charity.

All registered charities and approved organisations can benefit from this scheme, which could raise £100 million each year. However, to make it succeed we are dependent on your help. We need you to make the scheme available to your staff and to encourage them to join. Send for one of our employer information packs to find

out how the scheme works. Give As You Earn is going to be very rewarding — please give it all the support it deserves.

THIS ADVERTISEMENT HAS BEEN SPONSORED BY THE POLLOWER BARING FOUNDATION - BRAIN RESEARCH TRUST - CHURCH ACTION WITH THE UNEMPLOYED - CRISS AT CHRISTMAS - THE ELECTRICAL AND ELECTRONICS INDUSTRIES BENEVOLENT ASSOCIATION - THE INSTITUL HEALTH FOUNDATION MIND - WESSEX MEDICAL SCHOOL TRUST





Improving the North Circular

The £16m A406/A10 improvement scheme awarded by the Department of Transport to Alfred McAlpine Construction has started, paving the way for a new junction of the A10 Great Cambridge Road and A406 London North Circular Road. Work don North Circular Road. Work will involve constructing an underpass to take the North Circular Road under the Great Cambridge Road. The underpass will be crossed by three overhridges. The contract also involves construction of an enlarged roundabout at ground level to which the North Circular Road will be connected by sliproads, and the construction of five subways, two footbridges five subways, two footbridges and noise barriers.

Whyatt (part of the con-struction division of Alfred McAlpine) has been awarded a contract worth about £1.25m by the London Borough of Houslow for the construction of 17 two-bedroom and 16 three-bedroom houses in a traditional style with facing brick and tiled roofs. The homes will be built at Bull Field, Whitton Dene, Isleworth. The 66-week contract has

started.

Whatlings (part of the construction division) has been awarded two contracts for civil engineering and foundation work in Stirling and Glasgow. The first, awarded by the Central Regional Council at Stirling is worth over £405,000, and is for Stage II of the Falkirk Inner Ring Relief Road. The second, from Glasgow District Council (worth £260,000) is for piling and associated work at Dalhousie Street, Glasgow.

Multi-storey

CONSTRUCTION CONTRACTS

New hall at Earls Court

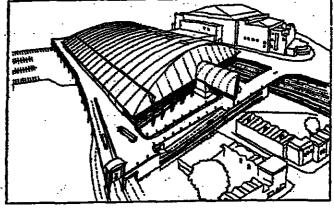
BY JOAN GRAY, CONSTRUCTION CORRESPONDENT

been awarded a \$40m contract to design and build an exhibi-tion half at Earls Court.

The new hall will be built en a complicated site strad-ding railway lines, a car park, part of the existing exhibition halls, and the British Ball and London Underground Lillebridge Depot.

It will increase the exhibi-tion space available at Earls Court by 25 per cent, provid-ing about 17,080 sq metres of column-free space with a clear height in the centre of 25 metres. With architects Robert Matthews, Johnson, Marshall

and engineers Clarke Nicholls Marcel, Bevis has produced a barrel vault design for the new hall constructed on a concrete plat-form set seven metres above the railway tracks The contract includes con-



structing car parking space below the hall, a range of bars and restaurants around it, and through road for heavy vehicles between the new and

start early next year with completion scheduled for the summer of 1989. Bovis was awarded the contract after negotiation with Earls Court Ltd, another P&O subsidizry.

Law Courts extension

struct the 12-storey, £8m extension to the Royal Courts of Justice in London's Strand.

The turreted tower—designed by the Property Services Agency to blend in with the original, Grade 1 listed law courts—will provide an extra 12 courtoons.

More tower which is of similar height but with half the floor-to-floor height. Each of the stacks are staggered so that public entrances to the courts are on the same level as each floor of the Thomas More building.

The building will be clad in natural Portland stone with

Grade 1 listed law courts—will provide an extra 12 courtrooms.

With two vertical stacks of bands of lostock Chedder Red six courts, the six-metre floor to-floor dimension courts are grammed for completion in 27 linked to the 12-storey Thomas

Radar site in Alaska

The US Navy has awarded a contract, worth about film investigation of the site has (\$22.5m), for site preparation works for a radar installation at Amchitka Island, Alaska. The fight venture selected for the project consists of Taylor Woodrow International; Riedel International; Riedel International Inc. of Portland, Widest point.

Building homes in N. London

econ

A £3.5m design and construct contract to build 127 homes at Brentfield Road, London NW10, has been awarded to JOHN MOWLEM AND CO, jointly by Paddington Churches Housing Association and Sutherland Housing Association. There will be 43 houses in terraces of four to seven houses each and 84 flats in four three-storey blocks. The houses will be two, three-or four-bedroom and the flats one and two-bedroom. Some of the ground floor flats will have provision for flats will have provision. All the homes will be of traditional construction on piled foundations and with full central heating by gas-fired boilers. Work has started for completion in August 1968. Paddington Churches Housing

Office block

J. AND J. FEE, Halifax, has won a flow design and build contract from Bass subsidiary Standard Commercial Property Securities, to build a 70,000 sq ft multi-storey office complex in the London Docklands Enterprise Zone. The development overlooks Milwall Dock and adjoins the South Quay station of the new Docklands Light Railway, due to open this summer. Work has started.

SER ROBERT MCALPINE MANAGEMENT CONTRACTORS has begun work on a ffun computer production facility for Company Computer Manufacturing ing in Erskine, Scotland. The project comprises a high-bay manufacturing building measure retail outlet in St Ann's Centre, a new shopping development on St Ann's Road, Harrow, Middle-sex. An existing shell unit at the centract contains a £54m (\$54.7m) pre-priced option for site preparation for electronic life in Stephone, communication, telephone, and of October.

SIR ROBERT MCALPINE MANAGEMENT CONTRACTORS has begun work on a ffun computer production facility for Company Computer Manufacturing building in Erskine, Scotland. The project comprises a high-bay manufacturing building measure retail outlet in St Ann's Centre, a new shopping development on St Ann's Road, Harrow, Middle-sex. An existing shell unit at the centre will undergo some in the contract contains a £54m of Construction will be steel from the finishes and service installation of aircanditioning, and other existing shell unit at the centre will undergo some in the contract contains a £54m of Construction will be steel from the finishes and service installation of aircanditioning and a harrel will include the finishes and service installation of aircanditioning and other contract contains a £54m of Contract of Contraction will be steel from the finishes and service installation of aircanditioning and other contract contract contract contract contract contract of Contract o SIR ROBERT MCALPINE MANAGEMENT CONTRACTORS

Quadrex Holdings, Inc

through its UK subsidiary

Quadrex Finance Limited

has acquired through a reorganization the majority of the share capital of

Quadrex Holdings Limited

the undersigned advised Quadrex Holdings, Inc. and structured the financing Citibank, N.A.

U.S. \$120,000,000

This announcement appears as a matter of record only.

comprised of

U.S. \$71,300,000 DM70,000,000 £6,600,000

revolving credit and term facilities

Quadrex Finance Limited

for the reorganization of

Quadrex Holdings Limited

by an affiliate of

Quadrex Holdings, Inc

the undersigned underwrote the acquisition financing Citibank, N.A. Leveraged Capital Group-London

16th April, 1987

CITICORP INVESTMENT BANKING

Corporate Finance from Continent to Continent.

Leveraged Capital Group-London

16th April, 1987



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The rapid growth of direct marketing can be put down to several factors, not least of which is its use in the

Government's privatisation programme. As methods are even more refined to pinpoint specific targets its prospects remain bright and a more professional approach is reducing complaints about such sensitive areas as teleselling, says **David Churchill.**

The consumer calls the tune

DIRECT MARKETING is rapidly shrugging off its Cinderella-image of the early 1980s and is seeking to become accepted for what it is—one of rapidly shrugging off its Cinderella-image of the early 1980s
and is seeking to become
accepted for what it is—one of
the fastest growing sectors in
Thomas Collins—in their recent
book, MaxiMarketing,
Many individuals, however,
may view this with some alarm.
There is no doubt that the

a variety of factors—ranging from the Government's pri-vatisation programme (direct mailing of potential share-holders) through to one-off projects such as the recent delivery to virtually every home in the country of a government leaflet about the dangers of AIDS.

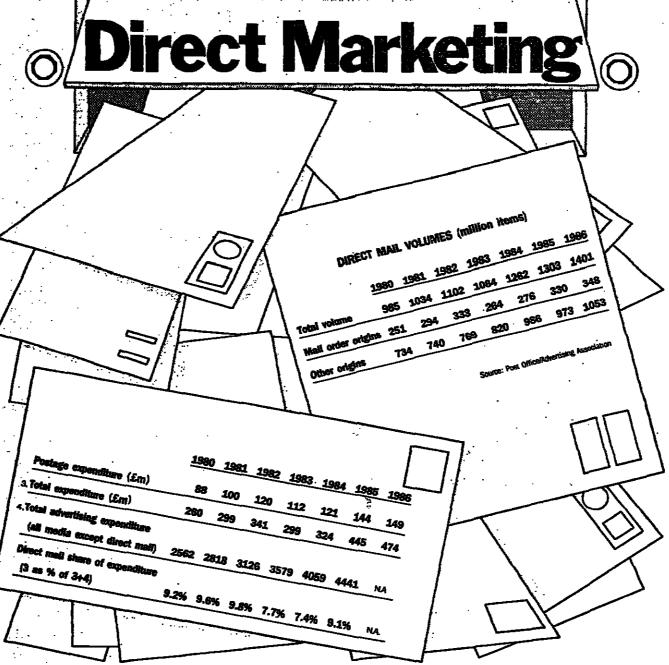
The forthcoming General those receiving direct mail Election will also be the first to shots would prefer not to the process of the country of the coun

the fastest-growing sectors
the marketing spectrum.
Its growth has been helped by
a variety of factors—ranging
the Government's prithe Government's prithe Government's prithe consumers who are on those consumers who are targeted by so many direct mar-keteers, ranging from financial services through to package

Election will also be the first to be fought after extensive direct marketing campaigns to woo the voters carried out by all major political parties over the last couple of years.

The future, moreover, appears to offer almost unlimited potential. In the 1990s, the individual consumer will be king and one-to-one marketing television press or radio more.

Samuel converted to the train of the train of the train of the second of the



perhaps only to be expected from a fast-growing, fledgling industry where one of the big-gest problems is finding high-calibre staff. "Many direct marketing departments are staf-fed by people with little or no 'classical' marketing experience," points out Mr Anthony Thomson, a director of City Financial Marketing, a market-

ing consultancy specialising in king and one-to-one marketing television, press or radio, more disciplines will replace the likely to add to the cost of mass-marketing mentality of the purchase, less honest, and a past At least that is the thesis medium that tended to talk advanced by two of America's down to the recipient.

The financial services.

The financial services close targeting of groups—has been one of the main trends in direct marketing. The Big Bang, privatisation, mega-mergers, a sales promotion, and other financial services.

spate of new issues, and enhanced competition in the financial services sector have all forced marketing managers to consider direct marketing as a means of getting their message

This is the crucial element of direct marketing. It enables companies to reach specific target groups—and measure the response—more effectively than through other forms of marketing. This "harrowcasting"—or close targeting of groups—has been one of the main trends in advertising, public relations,

forms of marketing in the 1980s. While mass-appeal advertis-ing such as television commercials has its place in the market-ing mix—although even such commercials are aimed at appealing to certain segments of the population—direct marketing allows the advertiser to reach consumers or other. businesses in a way that can be the start of a continuing

relationship. As Mr Drayton Bird, deputy chairman of Ogilvy & Mather Direct, defines it: "Direct Marketing is any activity which creates and profitably exploits

a direct relationship between you and your prospect" Although direct mail is probably the best-known element in mail to people who had never direct marketing, it is by no before given to the NSPCC. The direct marketing, it is by no means the only component.

Direct marketing also encom-passes areas such as telephone marketing, direct response from coupons in magazines and news-papers, house-to-house distribution, mail order, and new areas such as home shop-

ping through a television or computer system.

But direct marketing differs one million of its customers in that it is usually aimed at The area with the most potential. achieving far more than just tial growth for direct marketing awareness of a company, product, or brand. The main objec-tive is to obtain a response directly as a result of the promotional message—although the response need not necessarily be simply an order, since it can include arranging for a sales-man to call or for more informa-

tion to be sent.
The exact size of the direct marketing industry is difficult to quantify accurately, because of the wide disparity in what is covered. Direct mail alone, for example, was estimated at £474m last year by the Post Office, which clearly has a vested interest in the business. This makes direct mail a bigger medium than rivals such as magazines and regional press

advertising.
Telephone marketing was worth another £50m to £60m last year, although this only covers sales through specialist agencies. There are no accurate figures for telemarketing carried out within companies.

The addition of mail order— both traditional catalogues and specialist direct-response cata-logues—is estimated to make direct marketing worth at least £10bn in the UK. In the US, estimates suggest the industry is worth \$150bn.

Where is the growth likely to come from? Apart from the mainstream financial areas, new users are coming on stream all the time. A further relaxation of the rules governing accountancy firms promoting themselves, for example, has encouraged some to try the

We use direct mail to increase awareness of our spe-cial seminars — but, as we are well aware that blanket mailshots will only irritate, we try to contact only those we know will be interested," points out Ms Victoria Tomlinson, marketing manager for the Arthur Young

Charities increasingly turning to direct marketing as a means of raising money. The National Society for the Prevention of Cruelty to Children, for example, rented 31 lists of names last year to response was well above the average and the campaign won its direct marketing agency — Watson Ward Albert Varndell an industry award.

Another area where direct marketing is gaining popularity is in retailing Marks and Spencer, for example, has used All these methods can be used direct mailings to stimulate n conjunction with other demand for its charge card in conjunction with other demand for its charge card Montreux symposium on direct traditional advertising media. which is already used by over marketing will be fully justified.

The area with the most potenis the home shopping revolution which is taking the US by storm in the UK, such direct marketing is still in its infancy because of the relatively low penetration

of homes with cable television. Not surprisingly, the growth prospects for direct marketing have prompted many advertis-ing agencies belatedly to move into the sector. Last autumn Saatchi & Saatchi launched their own direct marketing agency, while a number of others have acquired or developed specialist agencies.

Among the leading direct marketing specialists, most have some link-up with an advertising agency. Wunderman International, for example, is part of the Young & Rubicam advertising agency while Morollo & Payfield is the direct marketing subsidiary of J. Wal-ter Thompson.

The Christian Brann Group.

one of the longest established direct marketing companies, is also one of the few exceptions to this trend since it is owned by Business Intelligence Services, one of the UK's largest computer software systems companies. But are advertising agencies

really taking direct marketing seriously? Mr David Barnes, managing director of direct marketing company DDM Advertising, points out that "direct marketing is heavily dependent on experience in specialist skills, many of which are alien to the world of above-the-line advertising."

The increasing involvement of advertising agencies in direct marketing, however, has further prompted the industry to raise its standards. The Post Office for example, was instrumental in helping to establish the Direct Mail Sales Bureau to promote the medium and the Direct Mail Services Standards Board.

This board not only operates a recognition scheme for direct mail agencies who conform to codes of practice but also monitors standards generally in direct mail.

A further means of improving the acceptability of direct mail has been the Mailing Preference Service. Disgruntled con-sumers can ask for their names to be taken off mailing lists — so far some 53,000 have asked this, although another 6,000 have asked to be put on lists for areas in which they have a particular interest.

If standards can be maintained and improved, therefore, then the future for direct marketing looks sound and the confidence shown at last week's

Now you can have Britain's most successful direct marketing agency in the comfort of your own office, free for 14 days.

In less than 6 years, Watson Ward Albert Varndell has grown into one of the largest direct marketing agencies in the United Kingdom, with a record of success for its clients that is almost certainly unique.

With current billings of nearly £30 million and a staff of over 100, we have consistently produced direct marketing campaigns that have achieved outstanding results for our clients.

The result of this is that we ourselves have enjoyed a degree of success.

We have won more awards in direct marketing than any other agency in the UK. Our most recent honours were a Gold and a Silver from the European Direct Marketing Association, presented at Montreux this year.

We were recently referred to as 'the agency whose work was most admired' by leading direct marketing clients in a survey conducted by Direct Response

Marketing Week magazine, looking at the latest filed reports and accounts of direct marketing agencies, put us in Number 1 position in terms of turnover. And later, put us in at Number 50 in the top 50 advertising agencies generally, the only direct marketing agency in the table.

And this year, we have featured once more in the 'Crowth Companies Register,' looking at the fastest-growing 1000 private companies in the UK.

(Interestingly, most of our growth comes from existing clients, where the results we achieve inspires them to increase the work we do for them.)

If you're involved in direct marketing, or if you're planning to look into direct marketing, perhaps you'd like to know more about WWAV.

We've made a short video on VHS cassette which tells you more about the agency; its record, its resources, its people and its approach.

It will be ready at the end of May, and we'd be delighted to send it to you, quite free and without obligation, for 14 days or for as long as you want.

Please return the coupon, or telephone Ms Leonie Wilfred, for your copy.

Or, if you'd like to come into the agency and see it for yourself, contact John Watson, Managing Director

THE WWAV VIDEO

Post to Ms Leonie Wilfred, WWAV Ltd, 31 St Petersburgh Place. London W2 4LA. Please send me the WWAV Video.

TITLE	 	_
COMPANY	 	
ADDRESS	 	
ADDRES5	 <u> </u>	_

31 ST PETERSBURGH PLACE LONDON W2 +LA. TELEPHONE: 01-727 348).

The professional touch moves into telesales

something of an enigma in the direct marketing business. On the one hand it is probably the fastest growing sector in what is ltself a fast-growing industry. But, on the other, it still retains a high level of distrust from prospective consumers. In a business where all you have to do (in theory) is pick up a telephone and call your target, it is not surprising that the "cow-boy" image has been a problem.

Trading taken an active interest in this area in recent years but also the direct marketing industry itself has had its doubts. The judges, for example, in last year's Direct Marketing Awards were prompted to remark: "We were pleased to be able to announce a winner in the telephone section because been so low that the award has been withheld."

In fact, the winner in the bogus telemarketing operators awards—which were sponsored by the British Direct Marketing out market research when Association and the Royal Mail—was North West Securities. The telephone promotion It has been suggested, for a constitution of the suggested of the state of the state of the suggested of the state of t was used to follow up a personal example, that telephone re-loan mailing list encouraging search companies should alexisting AA members to use its loan facilities

marketing objectives at the pany's authenticity.

thing other entries lacked." The winning entry was also said to be "very sensitive to the prob-lem of invasion of privacy that

telesales can cause."

It was such problems that prompted the Office of Fair Trading in 1984 to publish a report into the abuses of telephone marketing and make suggestions for the operators in-volved to improve voluntarily their practices or face govern-

the growth of telephone market-ing itself — has seen the indusing Association, for example, has recently published guide-lines for telemarketing com-panies aimed at preventing consumers being harassed in their

The Market Research Society. moreover, is also seeking to raise standards to prevent

ways end each interview with a restatement of the company The judges chose the North name and the offer of a tele-West Securities entry because phone number for transfer they "believed it had direct charge calls to check the com-

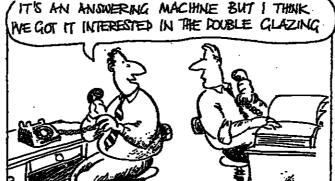
The exact size of the tele-phone marketing sector is diffi-cult to establish accurately, but most trade sources suggest it has trebled in value terms in the past three years to a total turnover of between £50m and £60m. This is only the market accounted for by specialist tele-marketing companies and does not include the substantial sums spent by companies' own in-house telephone marketing

operations.
Mr Paul Rowney, publisher of ment action.

The OFT's threat — allied to the growth of telephone marketing itself — has seen the industry improve standards considerably. The British Direct Marketing itself — the Br years. In the US, expenditure on telephone marketing is estimated at \$37.5bn with claims that by the end of the century some 8 million people will be directly employed in the telementations havings.

marketing business "The major UK telephone marketing companies report that there is no appreciable re-sistance to telephone marketing in this country, provided that the medium is handled with the utmost professionalism," says Mr Rowney. Spearheading the growth of telemarketing in the 1980s has

been the continued growth of homes with telephones — now estimated at having reached over 80 per cent of all UK households. At the same time, there has been increased emphasis in



recent years on extra telephones in the home and the development of mobile phones.
New technology, such as computer-based systems, has also
helped to make telemarketing
more effective, both in terms of
cost and reaching the right
targets.

0800 code followed by a 6-digit
number for a free, direct call."
points out Mr Adrian Noad,
manager of British Telecom's
freephone services division.
Furthermore, Linkline's
flexibility in its different
applications
businesses from all sectors can

this in the case of Freefone vices — and how well client where the caller dials the operator to be connected free of marketing by telephone into charge, or in the case of Link-their overall marketing plans.

Consumers, moreover, are becoming more educated in the
techniques of telemarketing.
When offered a choice, research
ding Society number among ding Society number among more than 2,000 companies in when offered a choice, research shows that some 70 per cent of consumers prefer to respond by telephone rather than coupon.

Moreover, when presented with the option of two companies offering similar services, 65 per cent are more likely to contact the company which offers a free call than those who do not

o not.
"We have endless evidence of the surge in demand for its ser-

That it is unwelcome, that it is

right desk, it is never acted upon.
Unlike consumer direct mail
there is a marked lack of
research in the field of business
direct mail but in the last year Morgan Grampian, the maga-

anorgan Grampian, the maga-zine publisher, has conducted a survey which came up with some telling findings. The sam-ple consisted of 2.521 readers of its publications, drawn from groups of engineers, architects. the automotive aftermarket, and The results showed that when

away or kept for reference.

A surprising 90 per cent

Business direct mail

Computers help in the pinpointing of targets

a warning about competitors

The bad news is that respon-

to achieve and which acts so often to nullify the marketing

Now that computers are

revolutionising, the way com-panies collate, store, cross refer

and generate customer informa-

excuse for imprecise targeting, in the business to business field

subject, as one direct marketeer

as in the consumer field.

BUSINESS TO business direct mail—the most prolific end of the direct marketing business labours under a number of

slung out often before it reaches the recipients desk and that even when it does reach the

direct mail is relevant and appropriate to the recipient, it is liked appreciated and acted upon. On average, businessmen receive nine mailings a month which suggests, say Morgan Grampian, there is scope for grampian, there is scope for more. And far from being slung out by secretaries, more than 70 per cent of business direct mail is actually opened by the recipient. About one quarter is fled

admitted to inquiring at some time about a product or service as a result of receiving direct mail and one in five claim to do

the focus of all marketing effort is increasingly on the individual is increasingly on the individual (as opposed to mass audiences), the onus is on companies to marshall their customer data better and use it as a sustained marketing tool.

Tony Cole of Milestone Direct Marketing one of the relatively few business to business specialist agencies in the UK, spelt out the implications of the direct marketing boom, when he

marketing conference last

The ability to pinpoint key markets is encouraging wider use of direct marketing in busiof Oglivy & Mather Direct, offers ness, he said and predicted a greater dependence on direct marketing in future as mar-keteers realise that the "value of direct marketing is maxidents were split regarding the relevance of direct mail to their jobs—45 per cent feel it is not relevant in general and 36 per cent think it is not informative. mised when it is integrated into a complete programme of com-munications activity." This underlines the necessity for precise targeting, something much direct marketing still fails

munications activity."
This means giving it equal placing alongside public relations, salesforce selling and dealer support. But this requires considerable change of attitude, he warned, on the part of company management. part of company management and a commitment that cuts across established departmental boundaries.

tion, their likes, preferences, habits and purchasing No longer is direct marketing an afterthought, an either/or proposition. Increasingly habits and purchasing behaviour, there is less and less proposition. specialists in this field find themselves working in tandem with a client's advertising Database marketing, though nothing new as a concept, is this year's buzz word in direct marketing. Judging by the number of seminars alone on the agency. Advertising agencies. for their part, continue to recognise the growing demand as more of them set up their own direct marketing operations.

As a clue to the performance

pointed out, there is no doub-ting its impact.

The increasingly sophisti-cated ability to arrange con-sumer data means there is a shift in focus from "making a of this sector of direct market-ing, Milestone—whose client's include IBM, 3M and the AA reports a growth in turnover of 47 per cent on the previous year, with increasing interest coming sale" to concentrating more marketing pounds on making that sale lead to a long-term profitable relationship.

from blue chip clients.

Summing up the value of direct marketing, Mr Drayton Bird of O & M Direct reminds The authors of MaxiMarket-ing, one of the brightest of the marketeers of the line " What do you think your competition is doing when you're not there?" A year's crop of marketing books deliver a creed for the future. motivating thought. "Customers are no longer in the business of making and selling

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Home shopping by television turns on public

JUST WHEN the effort to use television for direct marketing to American households looked like a disastrous mistake, a new company showed that the simplest way was the best. In only one year, Home Shopping Network, a small Florida start-up company, expects to rack up sales of \$800m with its formula of games and gags mixed with \$500m sales in 1985 to \$2.25bn to the early 1980s, previous attempts were hit with the host on the air."

Although the idea of using television for direct marketing goes back to the early 1980s, previous attempts were hit with the host on the air."

Although the idea of using goes back to the early 1980s, previous attempts were hit with the host on the air."

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Although the idea of using goes back to the early 1980s, previous attempts were hit with the host on the idea of using television for direct marketing goes back to the early 1980s, previous attempts were hit with the host on the idea of using television for direct marketing goes back to the early 1980s, previous attempts were hit with the host on the idea of using television for direct marketing goes back to the early 1980s, previous attempts were hit with the host on the idea of using the parket with the host of using the previous attempts were hit with the host of using the parket with the house of using the previous attempts were hit with the host of using the parket with of games and gags mixed with what is essentially 24-hours-aday of promoting products sold over toll-free 'phone numbers.

cent to 8 per cent of net sales as their fee for using the system. As Wall Street's endorsement of the concent Home Sharely

\$90m sales in 1985 to \$2.25bn expected in 1987.

With its 40m viewers, Home Shopping Network is bound to be a survivor along with Televi-

These services expected affluent viewers to appreciate the ease of shopping, while the present generation of home shopping venues, which began selling overstock and deep dis-

count items, appeal to a mass As Wall Street's endorsement of the concept, Home Shopping Network shot up seven-fold in price from its initial public novelty of the concept, making offering of \$3; other cable shopping not just convenient but also "entertaining," notes the Financial Linda Hyde of Management will provide a catalogue service. Much of the enthusiasm is no doubt generated by the sheer April that IBM and Sears are of available merchandise for offering of \$3; other cable shopping not just convenient to the state of starting a shopping programme to see their stock jump up.

Competition has responded in kind with the market now come up next or the chance to see their Trintex system not for televisions but computer televisions but computer screens. The \$450m investment will provide a catalogue service, will provide a catalogue service, home shopping news and knowing what item is going to come up next or the chance to Recognising the proliferation

panies have taken a cheaper advertising products like racy cars and high-ticket consumer

The third of the original partners in Trintex, CBS, has drop-ped out and instead expects to programmes on its television stations in the four major markets of New York, Chicago, Philadelphia and Los Angeles. Also on the horizon are a travel net-work being established by TWA. and the major retailer, J. C. Penney, is starting Telaction, which

viewers to pick what they want.
This proliferaion of television direct marketing has oversha-dowed developments in more conventional areas, where catlogues and magazine coupons have continued to reorient

companies handing out samples of products on city streets in summer, Philip Morris started a consumer magazine that combines general features with a centre section devoted to cigarette smokers. Rather than promote particular brands, it gives advice on fighting local anti-smoking laws and other "smokers' rights" issues.

numbers of cigarette and sweets

With a free circulation of 5.5m, Philip Morris Magazine has grown into the twelfthlargest general circulation magazine in the US in less than two years. Computer retailing has seen nearly a third of its \$22.5bn mar-

ket taken by discount mail-order houses aimed at the knowledgeable buyer. The decline in computer retailers from 4,800 stores in 1985 to 4,500 in 1986 has been compensated

in the workplace has iollowed women to the workplace for sales. Rush-hour and lunch-hour parties for Tupperware now replace the home party started its wildly successful mail-order business. The idea at that time was to bring shopping turn out to be used for outside business, not the company's. business, not the company's.

the direct sales force has drop-ped 15 per cent, as reflected in flat annual sales of \$8.5bn for the past two years in the homesale market. Companies are becoming more reliant on computer-generated 'phone calls to prospective customers, a prospective customers, a change that can leave annoyed people behind. California householders complain that a computer call taken by a phone machine will occupy a whole tape as each machine waits for the other to hang up.

videolog, the first of these led in 1990, compared to the efforts to exploit the video-cassette era, costs a customer and merchandising contained \$12.95, the purchase price can in the 5bn expected for 1987 be put towards the items being sold, which range from \$19.95 to \$329.

Top 10 in mail order Ranked by 1984 catalogue

Saies	(2 311)
Sears, Roebuck	2,275
Montgomery Ward	975
Spiegel	671
Fingerhut	500
J. C. Penney	465
American Express Merchandise Services	240
Hanover House	210
L. L. Bean	200
Avon Fashions	186
GRI	112
Source: Maxwell S	roce Publishku

reorient in 1986 has been compensated for by the growth mail-order, with PC Connection, one of the earliest, having grown from sales of \$100,00 in 1982 to \$30m in 1986.

The door-to-door salesman who became a victim of the demographic change of women in the workplace has followed in the workplace for the workplace for the conceived of a century age when Sears Roebuck

general store passed for a con-

Telephone direct marketing sumer society.

Take to the annoying habit of calling people at their dinner, as the most likely time to catch them home.

The availability of women in the direct sales force has dropped 15 per cent, as reflected in flat annual sales of \$8.5bn for the past two years in the home.

The availability of women in the direct sales force has dropped 15 per cent, as reflected in flat annual sales of \$8.5bn for the past two years in the home.

not die so easily. Book com-panies have taken up direct marketing, for even with 20 per cent discounts on specialised items like Bantam offers in a recent computer-book directmail effort, the profit margin is 50 per cent greater than sales through retailers. Americans' mailboxes continue to be stuffed to the limit, and the post The \$50bn mail-order catapast the limit with New York logue business has seen the postal authorities concerned that a 3 per cent annual come on a tape featuring 65 increase in volume will result in

Frank Lipsius

Growth of nonstore retailing

(\$bn)	1980	1981	1982	1983	1984	1985	1986
YENDING SALES			•				
Trade reported	13.86	14.60	14.30	14.86	16.64	17.55	N/A
PERSONAL SELI	3NG						
Trade reported	7.5	7.5	9.0	8.5	8.5	8.4	NA
CATALOGUE/DIR	ECT ADV	ERTISING	3				
Trade reported	28.8	31.6	34.1	37.4	41.4	45.0	50.0

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The Marketing Database Specialists

INTERMAIL the name at the Heart of a Good Database

Recognising the proliferation markets. — Who else wants— to ring up more sales?

This new booklet from British Telecom Telephone Marketing Services shows how you, too, can quickly but the telephone to work—with measurable results.

Our success stories come from every area of business. ITT...BP...Control Data... Rediffusion...The A.A.... Budget Rent-a-Car...IBM... UDT...Calor...are just some of the names you'll recognise.

But no matter what business you're in, telephone's costeffectiveness can really pay off "Over £33,000...generated

from an initial investment of just over £3,000." "Cost per reply a fraction of ...

that in the national press and

trade journals."

"...inundated with such an extraordinary number of telephone calls - over 5,500 at the last count!"

'A 400% increase. The real benefit was the information two calls generated." "Very satisfactory profiling

yet again...successful beyond our

original expectations, not only in

terms of the appointments made but also in actual orders!". "Exceeded all expectations both in size of response and in

quality of appointment made." "Your speed of action... applauded from this end and has

enabled us to reach some 250 inquiries. "Personal involvement, sheer hard toork, professionalism and cool headedness during our many panies have smoothed the way for

the successes."

from letters written to us by chents. If you'd like

telemarketing service Telecom TAN and its outbound service, Telecom Telemarketing", said the Financial Times in And here are

smoothly: "The calls are answered quickly, efficiently and courteously

3 It's easy and instant. People prefer to use the

telephone they drop everything.

to get results like that, why not talk to us? We are widely recognised as leaders in the field of "At the forefront are British Telecom's inbound

April 1986. one enabled them to make much better

A car rental company recorded that "a new office opening exceeded all expectations in size of response and quality of appointments made."

One client, a senior executive with a

Here are 5 reasons why it is such a powerful wespon.

this. Yet one is not as personal; the other is far

telephone when replying. Usually it's cheaper than sending a letter as well as being quicker. 4 It gets attention. People might ignore your ad, commercial or mail shot. But for the

5 It's measurable. You can quickly work out

service. An automobile organisation wrote:
"How nice it was to have the professionalism a large company, without losing that vital per-sonal touch and attention to detail." A company use of their salesmen's time. And they thought their salesmen's morale was boosted

famous finance company, confessed that he often tests us to make sure things are running

If you're impressed by these reports, see how the telephone could build business for you. Get our new booklet: "The role of the telephone in your marketing plans". It tells you precisely why the telephone works so well—where you can apply it in your business.

I Because you reach people directly - only direct mail and personal selling can achieve

2 Because it's interactive – customers rell you what they think. So you learn quickly and can

Small wonder the telephone is the world's est growing marketing medium. In the UK, telephone marketing capacity doubled over a recent 12-month period. In the US, telephone is now the largest single direct response

medium, with an expenditure now estimated at \$37.5 billion. Way ahead of TV, the press, or mail.

The telephone gets results you on measure. And proof of this is that our repeat business rate is 75% and our very first client is still with us. Moreover, the telephone doesn't

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them...get better results. There can be few marketing investments so easy to mount, so quick to pay off. So why not ring us for free, immediately, on 0800 400 400 and ask for a copy of our booklet? Or fill in the coupon. Then, if you like what you read, let's arrange a presentation for you. There'll be no obligation

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British Telecom
Telephone Marketing Services,
95 Ebury Bridge Road, London
SW1W 8RL. Please send me my free copy of 'The role of the telephone in your marketing plans'.

Job title Postcode Tel. no

Type of business

FT3

Put in an envelope and post to: Bratish Telecom Telephone Marketing Ser-vices, Freepast (BS3333), Bristol BS1 6GZ. No stamp needed.

TELECOM

* May 5 1987

MAILING

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Printing technology

Specialists open new vistas

ADVANCES IN ADVANCES IN printing technology over the past five years have opened up new opportunites in direct marketing. This has been demonstrated by the burgeoning of personalised mailing because of both high and low cost printing systems incorporating new technologies such as ink jet, laser and thermal printing which offer high quality reproduction. vities from enabling mail order companies to process high volume data, store address lists, keep control of stocks and take care of accounting and invoicing needs.

The Datema group based in Sweden is another company in this field. It is a specialist in database technology which is simply a way of organising the storage and retrieval of information as well as providing duction. * The arrival of low cost perso-

nai and office computer sys-tems, including word proces-sors, which allow even the smalmore traditional support services for direct mail. Companies such as Datema and Valldata are service organisations offering companies without the necessary computer resources facilities for compiling up to date lists which can be used for more efficient transitions of direct well. lest companies to automate more efficiently accounts and mailing lists, has been another important factor. In the past year or so computer companies such as Amstrad have launched models compatible with the market leader, IBM, for less than £1,000 and there is a wealth of computer software covering business, accounting and printing which is ideal for direct marketing applications.

The accounting and printing Bank, British Gas and British Telecom for data compilations.

One example of software tions.

developed specifically for direct marketing is Mailbrain of mail is also a large part of the produced by Computer Factors business offered by such companies of the price of the pric tions.

Contract printing and design based in Coventry, Now capable panies. However, the price of of running on IBM personal printing systems has dropped computer range the Mailbrain radically and in the US for

example, personal computer base printing systems have become a strong growth market with many software companies providing the programmes necessary to produce high quality printing and graphics under computer control.

Large personal computer companies such as Apple lead the field in this respect compet-ing with more traditional printing companies like Gestener. Such software has brought the flexibility to companies to design attractive market material at a price many small con-cerns can afford. Coupled with the improvement in overall graphics and outlay of direct marketing information is the

ability to personalise that information to customers. So direct marketing is indebted greatly to developments in personal computing of which one of the important is the arrival of new printing technologies in a low cost form. Originally technologies such as dot matrix and daisy wheel printing domin-ated printing applications which were linked to compu-

ters. Dot matrix, where tiny pins activated by computer control strike the paper to form indi-

vidual characters, is a technology which is more than 20 years old. During that time it has been refined and is a very low cost technology which is attractive to small companies. Prices for

printers can vary between about £100 and £2,000. £100 and £2,000. the £5,000 mark. lines of light emitting diodes.

More attractive, high quality printing is offered by the daisy wheel printer — still electromechanical in design. It has printed by the low can be switched on and off at throughput end of the market very high speed.

These are very small lamps that can be switched on and off at throughput end of the market very high speed.

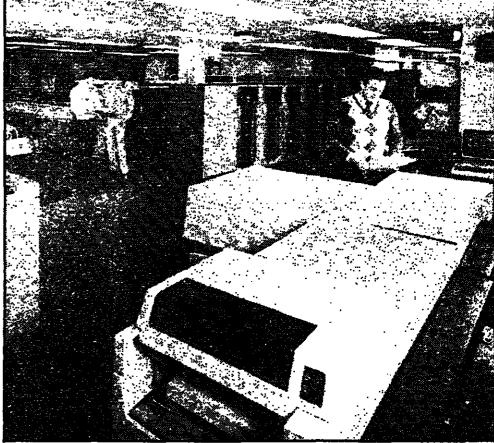
For printing the head moves sector are provided whetcomes. become popular in the office world for connection to word processors where typewriter

pensive ranging from about £500 to £2,000 but rather slow in operation ranging in printing speeds from below 20 to more than 50 characters a second.

the ribbon and the paper.
Daisy wheel printers are inex-

The newer technologies offer the hope of matching low price find that having such advanced with speed. In Japan alone more than 20 companies have developed or are developing low cost laser printers. Leading low cost laser printers. Leading the field is Canon with a laser "writes" by reflection from mechanism which is used by several companies bringing the cost of a printer to well below the £5,000 mark.

sector are more flexible systems. They have many features tive drum which becomes elecideal for the direct marketing trically charged with character
business such as fast printing shapes. Black toner, as found in



quality is needed.

The daisy wheel is an interchangeable plastic disc an inch or two in diameter with radiating spokes each carrying ters such as Laser Impressions, which is then heat treated to fix

At DDM, we take direct responsibility for

some tamiliar

household names.

the toner premanently to it. Ink jet printers are also becoming important. Here, very small droplets of ink are guided by an electric field so that they strike the paper precisely to form characters. Such machines can produce letter quality printing, do graphics and are insensitive to paper quality. Such printers are capable of more than 100 characters per second. Companies such as Hewlett Packard and Siemens

are leaders in this field. Thermal printing technology is another option in the low cost market and machines have already been developed for the home computer market costing less than £150. Here a hot stylus writes" on the surface of spe-

in Japan, for example, produced a printer costing around £150 for the home computer market which can work at about 50 characters a second while IBM has an interesting development using a resistive ribbon which

need no special paper.

Even liquid crystal technology which has become so popular for the clocks and watches have a role in printing Caslo and Epson both have systems in which fast switching crystals are used to shut light on and off to form characters on a con-ventional electrostatic toner drum, as in photocopiers. Companies believe that there are exciting opportunities for this technology in low cost printing.

Q. Who computerised two of Britain's largest share registers?

A. Data Entry International of course!

We are the largest bulk data entry bureau in the World. Our flexibility and fast turnround time made us the obvious choice for computerising the British Gas and TSB share

We employ over 700 people in our data capture centres in the UK and around the world, where an incredible 280 million characters are accurately keyed in each weeld Also available are list

maintenance services including: interactive address enhancement;

sorting; and label production. Whatever the size, form or worldwide location of your data entry requirements we can cope, offering a highly professional, cost-effective service, on time and on budget_

For further information call Tricia Lowe on (021) 707 4466 or clip the coupon.



British Airways Executive Club. Recoilment 1980.

Like Barclaycard. in fact over the past 5 years DDM have helped Barclaycard into several million UK households to recruit new cardholders. And with considerable success, too. By the testing of different creative approaches and incentives, DDM have managed to provide Barclaycard with a big increase in people applying to be cardholders - and a hefty decrease in the cost of recruiting them.

Barclaycard think we've played their cards right. We've turned up trumps for Peugeot

as well. For example, the launch of the 309 was, not surprisingly, important to Peugeot especially as it was their first Peugeot 'badged' model built totally in Britain. So DDM devised a mailing pack to tie in with the main television and press

campaign, sent it out to 300.000 prospects to generate test drives and it worked like a dream. The reality was even better. The test drive target was exceeded by 35%, and conversation-to-sales was 20%

So, for that matter, are British Airways. They came to DDM in 1985 to help increase membership of their Executive Club and continue to improve passenger loyalty.

DDM have done just that. Our direct mail package reached a response figure

And we aim to fly still higher yet. Legal & Ceneral put a lot of trust in our

their Far Eastern Trust in September 1985. And a very good product it was too. (Still is come to that.) But to help it along a little more. DDM prepared and placed an off-the-page campaign in the financial pages of the

high-flying abilities. too.

over target. Peugeot are pleased. Legal & General Unit Trusts.

of 87% over target and has helped to increase membership in 1986/7 by 20%.

To give just one example. Legal & General launched national press in August 1986.

wizard to know that's a useful return on your, direct marketing investment. We rang the bell with BT Mobile Communications, too. Our most recent work for them has included, targetted mailing campaign.

a long-term campaign to supply BT with prequalified leads for Mobile Phones from a carefully At 40% over target, we think we got the right number. For 4 years, DDM have masterminded the 'One Way Only direct mail programme for Ford Parts dealerships.

Every year it becomes more sophisticated, more flexible - more effective. Which leads Ford to think the one way only

for successful direct marketing is via DDM. One thing more. DDM do more than just create imagin-

The money poured in. One advertisement

the projected target.

alone achieved a staggering 430% over

And you don't have to be a financial

In other words, if you need someone to help you

COMMERCIAL LAW REPORTS

Container claim against arrested ship set aside

THE RIVER RIMA
Court of Appeal (Sir John
Donaldson, Master of the Rolls,
Lord Justice Nourse and Lord
Justice Woolf): May 1, 1987

Now when you

want to reach: the States an

VI&T operator

CONTAINERS LEASED to a CONTAINERS LEASED to a shipowner to enable him to provide a service for cargo-owners are not supplied for the "operation" of a ship, and accordingly the Admirally had no jurisdiction to hear a claim in rem against the ship in respect of conversion of the containers or breach of an obligation to maintain them in good repair.

The Court of Appeal so held The Court of Appeal so held

The Court of Appeal so held when allowing an appeal by defendant shipowner, Nigerian National Shipping Line ("NNSL"), from Mr Justice Sheen's decision dismissing its application to set aside a writ in rem issued against its ship, River Rima, by Tiphook Container Rental Co Ltd. and to discharge her from arrest. SIR JOHN DONALDSON MR said that the River Rima was a Nigerian vessel owned by NNSL. She was equipped to

NNSL. She was equipped to earry containers and cargo. Since August 1988 she had been under arrest at Liverpool. The arrest was instigated by Tiphook who, on March 9 1987, issued a writ in rem claiming damages for conversion of containers leased to NNSL and for breach of an obligation to mainbreach of an obligation to main-tain the containers in good con-

dition and repair.
The issue in the appeal was whether those claims could be

together with hamming and which the containers were to be other charges. It also specified carried under bills of lading various depots throughout the naming NNSL as shippers."

Under paragraph (b) the delivered.

delivered.

was, when the cause of action

Mr Justice Sheen held that paragraph section 20(2)(m) gave the court jurisdiction to hear an action in rem the containers being "goods...supplied to a ship for her operation."

In reply to the argument that operation of a ship involved only moving the ship from port to port, he said that

There were two inter-related estacles in the way of obstacles in the way of Tiphook. The first arose under paragraph (m), and the second under section 21(4) of the Supreme Court Act.

The Issue in the appeal was whether those claims could be maintained in an action in rem. That jurisdiction of Admiralty Court was governed by sections could be claim arises in connection with a ship; and (b) the person who would be liable on the claim . . . was, when the which could found an action in rem.

It included in paragraph or in control of, the ship, and (m) "any claim in respect of action arose, the owner or charterer of, or in possession or in control of, the ship, and (m) "any claim in respect of action in rem may be

which could found —

in rem.

It included in paragraph or in control of, the ship, an or in control of, the ship, and or in control of, the ship and or in control of the ship and or in control of the ship and or in control of the ship an tracts whereby it leases con-tainers from their owners, in-the claim arise? The answer-cluding one with Tiphook. It must be "ships in the ownership specified daily rates of hire together with handling and which the containers were to be other charges. It also specified other charges. It also specified

When containers were re- arose, the owner or charterer, quired, NNSL contacted its con- or in possession or control of

It did not have to be shown that the containers were leased to NNSL for the operation of the ship. In a broad sense that was no doubt true. As Mr Justice Sheen pointed out, containerisation was encouraged

by shipowners because it made cargo-handling easier and quicker, and in some circumstances increased the Cargo-carrying capacity of the ship.

But it would equally, and more cogently, he said that the purpose of supplying containers was to meet the convenience of shippers hy providing them with ready made packaging for their goods, something which had nothing to do with the operation of the from port to port, he said that "for her operation" could not be construed so narrowly. He said that NNSL hired containers solely for the purpose of increasing its profit, and the operation of a ship must be viewed as a complete commercial operation. Accordingly, containers leased to ship owners were goods supplied for the operation of their ships.

The judge dismissed an application for the writ to be set more relevant than paragraph (m). Paragraph (h) specified as a

Paragraph (h) specified as a claim which might found an action in rem "any claim arising out of any agreement relat-ing to the carriage of goods in

tainer leasing agents who arranged for the containers to be leased and to be delivered to the hocation where they were required, normally direct to the shippers.

They would be carried by an NNSL vessel if one was available. If none was available. If none was available. If none was available with the they would be carried on any other available vessel, with NNSL named as shipper on the bill of lading.

If did not have to be shown that the containers were leased to the containers were leased by NNSL in relation to the carriage of goods in a ship. They would be carried by an able of a writ in rem and the issue of a writ in remainers were leased by NNSL in relation to the carriage of goods in a ship, and the carriage of goods in a ship, a

graph (h). Consistently with that strict approach, the present lessing agreement between Tiphook and NNSL, while no doubt designed to enable NNSL to provide a service for cargo-owners, to encourage the routing of cargo via NNSL and to enable NNSL to handle cargo more via the cargo more to handle cargo more to handle cargo more to handle cargo more to the cargo NNSL to handle cargo more easily when it was the carrier, was not sufficiently directly connected with the operation of ships to enable the court to say that the containers were supplied "for the operation of a ship or ships."

The annual was allowed The

The appeal was allowed. The writ was set aside and the vessel discharged from arrest. Lord Justice Nourse Lord Justice Woolf agreed.

For Tiphook: Jonathan Sumption QC and Mark Hap-good (Allen & Overy) For NNSL: Richard Aithens QC and Lionel Persey (Hill Dickinson & Co)

By Rachel Davies

The Financial Times proposes to publish

a Survey on MACHINE TOOLS

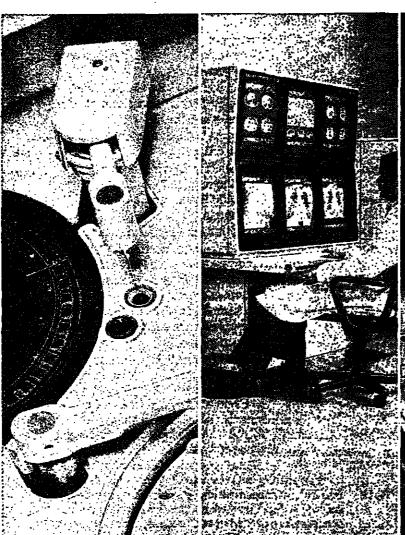
on Thursday July 2 1987

The following topics will be covered:-**Joint Ventures**

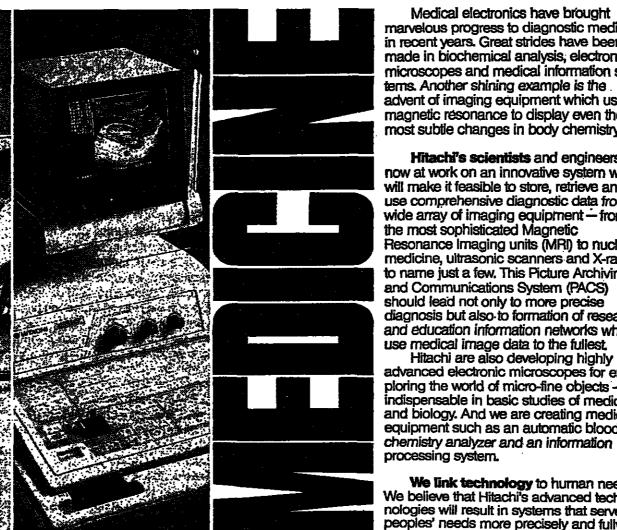
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6. The US
7. Korea and Talwan
9. The UK

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Medicine should be more than the ability to treat or cure. The best care and treatment come from precise diagnosis.



Hitachi's advances in medical electronics extend to automatic blood chemistry analysis, a Picture Archiving and Communications System, diagnostic ultrasonics and Magnetic Resonance Imaging.



Medical electronics have brought marvelous progress to diagnostic medicine in recent years. Great strides have been made in biochemical analysis, electron microscopes and medical information systems. Another shining example is the advent of imaging equipment which uses magnetic resonance to display even the most subtle changes in body chemistry. Hitachi's scientists and engineers are now at work on an innovative system which will make it feasible to store, retrieve and use comprehensive diagnostic data from a

wide array of imaging equipment — from the most sophisticated Magnetic Resonance Imaging units (MRI) to nuclear medicine, ultrasonic scanners and X-ray CT, to name just a few. This Picture Archiving and Communications System (PACS) should lead not only to more precise diagnosis but also to formation of research and education information networks which use medical image data to the fullest, Hitachi are also developing highly advanced electronic microscopes for exploring the world of micro-fine objects — indispensable in basic studies of medicine and biology. And we are creating medical equipment such as an automatic blood

We link technology to human needs. We believe that Hitachi's advanced technologies will result in systems that serve peoples' needs more precisely and fully than ever before. Our goal in medicine and communications, energy and trans-portation as well — is to create and put into practice innovations that will improve the quality of life the world around.





The London

International Financial Futures

FINANCIAL TIMES

SURVEY

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ALONG THE M3/M27

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Editor

Exchange

OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on May 1, 1987. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

CURRENCY 1.6690 1.5059 (889.24 (10) 1227.20 (7) (ercto)25.34 (ff) 37.19 (fm) 31.69 33.55 10.21 7.7321 9.9325 208.95 46.387 4.51 2.5710 3.0042 2.3740 20.935 231.45 Drachme Danish Krone E. Caribbean 220.70 11.19 4.51 9.9325 7.7323 1.6690 (1.6690 (F) 4.6500 567.80 284.70 16.61 E. Caril U.S. 5 Austral
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Spunish Pesaria
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Cayman Isles \$
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C.F.A. Franc
Collain Peso
C.F.A. Franc
C.F.A. Franc
Colon
C.F.A. Franc
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#Rate is the transfer market icontrolled). ## Now one official rate. (I) Essential goods. (2) Preferential rate for priority imports such as foodstuffs. (4) Preferential rate for Public Sector Debt and Essential Imports. (5) Preferential rate. (6) Free rate for lowery imports, remittances of money abroad and foreign travel. (7) Parallel rate. (9) Banknote rate. (10) Rate for exports. (14) Nearly all basiness transactions. (15) Nigeria, Auction price for dollar N/A. (16) Bolivia, New Currency introduced (Boliviano, worth 1m Pesos) Jan 1 1987



EXPORT CREDIT INSURANCE. 01739 4311.

US Dollar 1.6690 1.6657 1.6613 1.6563 1.6515 D-mark. 2,9750 2,9613 2,9588 2,9017 2,8386 French Fr. 9,325 9,9329 9,9329 9,9029 9,9027 8,945 2,2457 2,4252 2,4057 2,3771 2,3328 9,9419 9,941 2,3338 231.42 288.72 223.63 Yea per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100. **MONEY MARKETS** Fed adds reserves TRADING ON US credit markets Trust to 84 per cent. Both were was nervous yesterday, on fears previously 84 per cent. yields will be forced up if In Paris the Bank of France left Japanese investors are reluctant to buy bonds at this week's US its money market intervention Treasury auction. As expected the rate at 7% per cent when adding Federal Reserve added temporary reserves to the New York banking system, via three-day system repurchase agreements. At the time Federal funds were trading at 7 per cent.

Bankers Trust cut its broker loan rate to 8 per cent, and US FT LONDON INTERBANK FIXING (11.00 a.m. May 1) 3 months U.S. dollars 6 months U.S. dollars offer 72 The fluing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for Silon quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminister Bank, Bank of Tokyo, Destache Bank, Bankse Nationals de Paris and Mangain Guaranty Trust. BANK OF ENGLAND TREASURY BILL TENDER Apr. 24 | May 1 Totat of applications . WEEKLY CHANGE IN WORLD INTEREST RATES change May 1 LONDON Base rates 7 day Interbar #14 Unct d =0.12 +0.04 +0.10 - 073 574 5.74 6.27 6.90 FRANKFURT Unch'd Unch'd Unch'd 5.0 3.65 3.65 One mith, Interbank ...

PARIS

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> **MONEY RATES NEW YORK** Treasury Bills and Bonds Three year -Foor year -Fixe year -Seven year -5 10 year -7 20 year (4 pm) Prime rate _____ Broker loss rate ___ Fed, fands _____ Fed tanks at laters Two Months 3.80-3.90 8-84 51-54 51-55 3.84375 95-104 74-73 115-114 3.80-3.90 8-81₈ 3.85-3.95 8<u>4</u>-8<u>2</u> 50 LONDON MONEY RATES Three One Year 10½-7 የሌ የኒ 92.9 81<u>2</u>-84 95 95,

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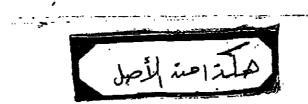
Tressury Bills (sell); one-month 9½ per cent; three-months 8½ per cent; Bank Bills (sell); one-month 9½ per cent; three-months 8½ per cent; Tressury Bills; Average tendar rate of discount 8.6988 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day April 39, 1987. Apreed rate for period May 26 to June 23, 1987. Scheme I: 11.29 p.c., Schemes II de III: 11.11 p.c. Reference rate for period April 1 to April 30, 1987. Scheme IV: 9.843 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 10 per cent from May 1, 1987: Bank Deposit Rates for same at seven days' notice 3½ per cent. Dertificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one-month 8 per cent; one-three months 9½ per cent; sine-12 months 9½ per cent; lander £100,000 8 per cent from April 28, Deposits held under Series 5 10½ per cent. Deposits withinknown for cash 5 per cent.

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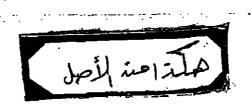
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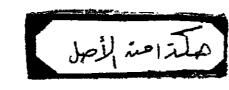
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Lieu Insti Find the state of the first of POT Stock Stock Hard Park Stock Stoc | 10.56 | Marksman Int'l Grid Fig. S20.84 | 23.77 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23.40 | 23 MFM Ltd. 14 Valutation Street, St. Heller, Joseph Amerika destinos Proving & Collection Street, St. Heller, Joseph Amerika destinos St. Heller, Joseph Amerika destinos St. Heller, Joseph Amerika destinos St. Heller, Heller, St. Heller, 5.22 Sering Levi
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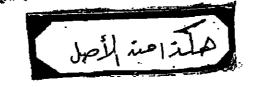
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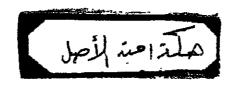
MINIT GTD LTD—Sec 151. c/o Moare Govett Asia 1.td, Heron Hse, 319-325 High Holborn WC1 03-404 0344 345 | IDR value US\$15.342 sement international Ltd Frankfart DN44465 45.99 DN473515 34226 - Mannie International Ltd 112, 1514 of Man 112, 1514 of Man | 7.86 | Manufacturers Hanever Geofunds | Manufacturers | Manufacture 27's x5122 | \$1.00 - 122 21's 23 | \$1.00 - 155 22,8 24.2 | \$1.00 - 127 154,7.4 | 40d - 116 FREEDRICK SOURCE A MALE

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AMERICANS—Continued	BUILDING, TIMBER,	DRAPERY AND STORES—Cont.	ENGINEERING—Continued	INDUSTRIALS—Continued	INDUSTRIALS Continued
Dividends Price Last Div Yrid	ROADS—Cont Bridends Stock Price Mr. Carl Price Jan. July Lawrence W. 150 dt 7.4 4.0 4.0 4.7	- Writing Off. Eq. 10p. 283 a125 23 1 22 25 8 Nov - Writing Start 10p. 283 a125 23 1 30 12 4 Mar - Writing Start 10p. 132 d83.7 1 5 1 36 24 0 Seat	Pade Stock Price	Dividends Stack Price Last Sh Y16 Price Inst	Street Last She Yiel
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La Ap Jy Octivacov 50.33	May Nor4-McLasquis & H 178 23.3 7.9 \$ 5.9 \$ May C. Mayor & Sortierus 28 12.1 15.2 23. 2.2 23. 2.2 26.9 Nov. May Manders (Hidg) 331 b.4 10.0 1.9 4.1 17.2 Oct May Markey 151 6.4 4.1 \$ 3.7 \$ 3.7 \$ 4.1 \$ 3.7 \$ 2.7 \$ 2.2 \$ 2.9 \$ 2.2 \$ 1.2 \$ 2.5 \$ 2.9 \$ 2.9 \$ 1.2 \$ 2.2 \$ 2.9 \$ 1.2 \$ 2.2 \$ 2.9 \$ 1.2 \$ 2.2 \$ 2.9 \$ 1.2 \$ 2.9 \$ 2.2 \$ 1.2 \$ 2.9 \$ 1.2 \$ 2.9 \$ 1.2 \$ 2.9 \$ 1.2 \$ 2.9 \$ 1.2 \$ 2.9 \$ 1.2 \$ 2.9 \$ 1.2 \$ 2.9 \$ 1.2 \$ 2.9 \$ 1.2 \$ 2.9 \$ 2.9 \$ 1.2 \$ 2.9 \$ 2.9 \$ 1.2 \$ 2.9 \$ 1.2 \$ 2.9 \$ 2.9 \$ 1.2 \$ 2.9 \$ 2.9 \$ 1.2 \$ 2.9 \$ 2.9 \$ 1.2 \$ 2.9 \$ 2.9 \$ 1.2 \$ 2.9 \$ 2.9 \$ 1.2 \$ 2.9 \$ 2.9 \$ 2.9 \$ 1.2 \$ 2.9 \$ 2.9 \$ 1.2 \$ 2.9 \$ 2.9 \$ 1.2 \$ 2.9 \$ 2.9 \$ 2.9 \$ 1.2 \$ 2.9 \$ 2.9 \$ 1.2 \$ 2.9 \$ 2.9 \$ 1.2 \$ 2.9 \$ 2.9 \$ 1.2 \$ 2.9 \$ 2.9 \$ 1.2 \$ 2.9 \$ 2.9 \$ 2.9 \$ 1.2 \$ 2.9 \$	Dec June AS Decironic	Gel Do.Car Rach 5c. 146 5.4 6.0 - 5.7 - 5.	December Same Free Free Color	June Dechary mage 10s 58 [710] 1.25 0 3.01 0 1.00 Septimizarity 20s 7 36 23.2 a 93.3 2.1 3.319.7
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Nov June Bank Scottand E1 493m[27.4 16.5 4.6 4.6 4.1 6.8	Feb July Castles Group 345 8.12 17.5 3.7 3.0 12.4 Jun. July Coates Bros. 244 (B.III) 14.6 29 2.41.65 Jun. July Coates Bros. 244 (B.III) 14.6 29 2.41.65 Oct Jane Cory (Horace) 5p. 221/2027.4 0.65 6 4.01 6 207 (B.III) 10.0 17.5 3.11.5 2.11.5	May Nov.Emess Lighting 329 6.4 6.3 \$\times\$ 2.2 \$\times\$ May Encoun (I.A.) 5/50 \$\times\$ 227,5/16.5 \$\times\$ 0.18% \$\times\$ 3.2 \$\times\$ 0cc 227,5/16.5 \$\times\$ 0.18% \$\times\$ 0.22 \$\t	- Reberose (Tios.) 59 5733 3.0 \$ 0.9 \$ MayRetore (10s.) 184 6.4 6.5 2.1 4.8 13.6 km SSV AB SSSO 235693.4 022% 2.7 3.0 12.2 14.8 13.6 km SSV AB SSSO 21.4 14.5 2.3 5.2 5.2 2.5 0.12.4	Nov MayleCCA Galleries 10p. 28 6.4 2.7 2.7 4.212.2 Feb SepticH Industrs 10p. 166 2212 12.4 2.7 2.0120.0 Selv DesPCSR 451	- 00 CmPfA 21 143 kft3 19% 96 154 100 154 154 154 154 154 154 155 154
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March Goode Durrant 5p	June Noeches DM 5 925 4.6 +02092 2.0 3,813.3 3,812 2.0 0,0 1,0	- Grossiene Gra. 125 1178 3.5 - 3.9 - Feb. July Husband El 20p 89 1211 2.5 3.0 3.911.6 Feb. June Decitoires Protect Sci.0. 177 10.11 02.2c 7.6 0.817.3 - Husbans Group 50 20 206 - a1.6 4.7 1.1127.5 August 1000 1000 1000 1000 1000 1000 1000 10	Sept.Tet Hildys 10s	- Centrews Ind 10p 59 1224	Feb OctResmort 49 B12 11.0 26 28/14 B Apr. Nox Ricardo 166 232 325 33 30/13.5 Jan June Robertson Rich 10p 127 B12 25/41 27/12.4 Rock 10p 29/8/50 1 3/3.3 Nox May Rockware 56 02 10 0 16/0
Jan Septloseph (Lod) E1 568 8 12 12 37 3.0 - Jane Dec Nos & Statson 20p 189 2411 8.75 - 6.3 - May Oct Kleenwort, Besson L. 494 6.4 14.0 - 3.9 - - 3.9 - - 3.0 - <t< td=""><td>Jan SeptiLeigh Interests 5p 139 43 13.75 - 3.720.3 Do. Spc Cv. Red, Pri. 317 9.3 065% - 5.0 - Marbarough 1d Mr Sp. 22°245 - 12.77 3.4 1.4.21.3 July FebMorozan Hidgs 88 12.1 4.01 3.01 6.2 5.8 For Mortey (R. H.) see Wentsprin Intl.</td><td> April</td><td>DecTyzzak (W. A.) 10p 143 1011 42.0 2.6 1.9/25.7 Janillot. Soring 10p 46 8.12 42.0 2.9 2.9 15.2 VSEL Consortium E.1 378 8.12 45.48 43 2.111.9 Maylvictors Cl 504 23.3 15.0 2.1 4.113.5</td><td>Nos. May Christies int. 10p. 444 6.4 7.5 3.1 2.3 18.4 Cry A Foreign Hills. 1167 1.00 13. 0.7 - Casted Electrodes 5p. 139 8.12 43.9 1.6 3.4 23.4 Colorge inc \$0.01 32</td><td>January PRofe & Notari 10p. 109 8212 72.0 2.9 2.518.6 Dec Jane Do. 'A' 138 15.9 6.5 6.4 6.5 Dec Jane Do. 'A' 139 15.9 6.5 6.7 1 Rectarrist 1/ps. 7 10783 - 7 10783 - 7 January PRotection 1.0p 116 233 23.0 32.3 3.512.2 January PROTECTION 109 109 109 109 109 109 January PROTECTION 109 109 109 109 109 January PROTECTION 109 109 109 109 109 January PROTECTION 109 129 15.9 109 January PROTECTION 109 109 109 January PROTECTION 109 109 109 January PROTECTION 109 January 109 January</td></t<>	Jan SeptiLeigh Interests 5p 139 43 13.75 - 3.720.3 Do. Spc Cv. Red, Pri. 317 9.3 065% - 5.0 - Marbarough 1d Mr Sp. 22°245 - 12.77 3.4 1.4.21.3 July FebMorozan Hidgs 88 12.1 4.01 3.01 6.2 5.8 For Mortey (R. H.) see Wentsprin Intl.	April	DecTyzzak (W. A.) 10p 143 1011 42.0 2.6 1.9/25.7 Janillot. Soring 10p 46 8.12 42.0 2.9 2.9 15.2 VSEL Consortium E.1 378 8.12 45.48 43 2.111.9 Maylvictors Cl 504 23.3 15.0 2.1 4.113.5	Nos. May Christies int. 10p. 444 6.4 7.5 3.1 2.3 18.4 Cry A Foreign Hills. 1167 1.00 13. 0.7 - Casted Electrodes 5p. 139 8.12 43.9 1.6 3.4 23.4 Colorge inc \$0.01 32	January PRofe & Notari 10p. 109 8212 72.0 2.9 2.518.6 Dec Jane Do. 'A' 138 15.9 6.5 6.4 6.5 Dec Jane Do. 'A' 139 15.9 6.5 6.7 1 Rectarrist 1/ps. 7 10783 - 7 10783 - 7 January PRotection 1.0p 116 233 23.0 32.3 3.512.2 January PROTECTION 109 109 109 109 109 109 January PROTECTION 109 109 109 109 109 January PROTECTION 109 109 109 109 109 January PROTECTION 109 129 15.9 109 January PROTECTION 109 109 109 January PROTECTION 109 109 109 January PROTECTION 109 January 109 January
Nov May Morgan Grenfell EL 390 (6.4 10.5 — 3.7 — 3.6 — 3.7 — 3	April Nero Ints. 16 Kr. 20 1 522-124.4 4 4020% 5.2 1.71 — Jen July Plysu — 122 2212 111.8 4.4 1.324.3 Apr. Sept.Raspon (Wm. 110s — 122 2212 111.8 4.4 1.324.3 Apr. Sept.Raspon (Wm. 110s — 122 2212 111.8 4.4 1.324.3 Apr. Sept.Raspon (Wm. 110s — 122 2212 111.8 4.4 1.324.3 Apr. Sept.Raspon (Wm. 110s — 122 2212 111.8 4.4 1.324.3 Apr. Sept.Raspon (Wm. 110s — 122 2212 111.8 4.4 1.324.3 Apr. Sept.Raspon (Wm. 110s — 122 2212 111.8 4.4 1.324.3 Apr. Sept.Raspon (Wm. 110s — 122 2212 111.8 4.4 1.324.3 Apr. Sept.Raspon (Wm. 110s — 122 2212 111.8 4.4 1.324.3 Apr. Sept.Raspon (Wm. 110s — 122 2212 111.8 4.4 1.324.3 Apr. Sept.Raspon (Wm. 110s — 122 2212 111.8 4.4 1.324.3 4.4	Dc. Arr.lanes Strond	W.A. Hidgs 109 44427.4 1.0 0 3.1 0 0ct Waspon Industr' 37 9.2 185 25 3.714.7	Combined Tech 10b S31b R3.22 0.9	Jan May 150 1100 201 201 120 3.9 1.130.9 151 600 100 100 100 100 100 100 100 100 10
April	May Nov. (Remotal 10s 175 23.3 2.8 3.2 2.2 3.8 3.8 3.2	- Waser Lab SA/150 12 - H0994 36 RQ 31	Feb. Westland 21 ₃₅ 114 1.7 4 - 6.8 Jame Whense 182 2212 5.5 2.0 7.4 9.1 Whensey 10p 40 26.1 0.5 2.8 1.7 24.8	Sept Mar Country Page 50p 220 6.4 115.0 3.4 3.112.8 Mar. Oct. Covara de Gr. 10p 66 82 2.5 1.6 5.7 15.8 Mar. Oct. Covara de Gr. 10p 66 82 2.5 1.6 5.7 15.8 Mar. Oct. Covara de Gr. 10p 66 82 2.5 1.6 5.7 15.8 Mar. Covar (1) 535 29.9 000094 4 3.7 4	Dec. June Sale Triney
May Ocisciroders (1	May MonThorroger Bardes 10p. 47x827.4 1.8 2.9 2.518.7 — Nivery Packageng 10p. 21 — 43.5 3.0 2.319. June Wardle Storreys 10p. 475 25.1 16.0 3.2 1.923.8 November - Wilson Hai, 10p. 38 113.0 1.75 2.3 4.114.5 May MonWosterholme Reixt. 30 6.4 9.0 3.0 3.512.9	July Jame Lorent Elects 255 10.11 2.5 4.5 1.71,18.0 Lorent Loren	FOOD,	Apr. NovDPCE 50 255 N.3 F2JS 3.9 0.840.2 Feb SeeDSC 10p 74 B.12 N.5 1.5 1.410.1 F. 5.414.0 1.5 1.5 1.5 1.5 1.5 1.5 1.5 1.5 1.5 1.5	June DecScott Robertson
Po My Ag N-Sec. Pacific \$10	DRAPERY AND	May OctMedierware int 10p 15 15.9 13.0 1.4 4.6 20.0	Mends Stack Poloc at Ret Cw G's PE	Contest Contest (0.715s 233 232 23.4 2.8 20.24.7	Apr SepSecurity Services 227 (23.2 2.04 3.1 1.3 33.7 May Occisions Ware 20n 145 1.44
Jan July Westnac SAI 196 5.1 028d 25 6.1 6.5 Apr Dct Wistrac 200	STORES December -	— Micro Rus 5ys 5g	July Alpine Soft D 10p 31	Jan. June Dinitie Neel 50 33 Jun 27.4 0.40 0.5 1.7 Judy June Dinitie Neel 50 28.2 25.2 25.2 25.2 21.2 21.2 25.2 25.2 21.0 21.7 27.2 24.9 1.0 1.0 1.0 1.2 </td <td>Apr Octisiehe 500 109 1001 110 04 13 - 150 140 150 150 150 150 150 150 150 150 150 15</td>	Apr Octisiehe 500 109 1001 110 04 13 - 150 140 150 150 150 150 150 150 150 150 150 15
October Comb Leave Fin SOp. 1 240 (6.4 1.35 \$\phi\$ 0.81 \$\phi\$ 0.81 \$\phi\$ 0.81 \$\phi\$ 0.81 \$\phi\$ 0.81 \$\phi\$ 0.81 \$\phi\$ 0.82 \$\phi\$ 0.83 \$\phi\$ 0	Jan Joh B. Black-Drikeri 150 1212 8474 — 8.01 — 153 las. Jane Bo. W 50 — 255 6.4 2.5 \$ 1.3 \$ 1.5	Sestember #Microsystems 10p 273 9.2 2.25 6.2 1.119.6 Jan October #Microsites 5p 441.93 1.25 2.1 3.816.7 Jan August 481.93 40.73 6 0.4 6 Apr. 481.93 5p 481	Apr Ordforms Grees 59	Malasebe Dover Corp. USS1 655[12b.8 0922 16 02	Ame DecSentistine Bissas 237 55 4 11 052.85 2 2.30 8 Jame DecSentistine Bissas 237 55 4 11 052.85 2 2.30 8 Jame DecSentistine Bissas 237 55 4 11 052.85 2 2.30 8 Jame DecSentistine Bissas 237 55 4 11 052.85 2 2.30 8 Jame DecSentistine Bissas 237 55 4 11 052.85 2 2 2.30 8 Jame DecSentistine Bissas 237 55 4 11 052.85 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2
	May Oct Autonagic 10n 113 223 16.0 1.0 17.3195 July Beatle (1) 'A' 140 125 3.49 4 35 4 0 cooker Bedford (Wrol 5p 125 233 64.5 2.0 4.914.1 Jun Novi Bentalis 10n 10n 140 127.4 2.65 4 2.6 6	Mary Cord. 338 2	Any Barsett Fronts. 226 812 1683 20 43413.0 Sept. Barley 10p. 103 121 2 23 29 20.7 Aprillogian 10p. 176 233 1425 22 33135 10p. 186 384 157 0c. Bershard (S. & W.J. 280 9.3 20.0 0 5.9 0	July Dec Eastern Prot 50p 254 30.00 \$ 4.5 \$ June 15-cobirc Hides 10p 254 16.6 p 259 100 10p 254 16.6 p 259 100 10p 254 16.6 p 259 10p 254 16.6 p 254 10p 254	- #Spander 10p. 285 - act 0 27 1.4 35.7 lbly Spear (1,W) 178 20.4 6.0 4 49 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4
July Mar Alited-Lyons 409 8.12 19.5 2.4 3.2 15.7 7 Feb July 824 3.2 25 17.5 7	- Wild Bok Cruster AS. 3506 - Barch Letzer Eo Illp 28 1784 - Barch Text Sp 25 1170		Heli-states 10	May-Nov Extern 10. SA1	MaySon Furnisher 108 6.4 5.5 0.7 7.0348 108 6.4
May Oct Bootlington 142 6.4 3.7 2.8 3.613.5 Ass. Feb Brown (Maxthew) 572 2212 14.0 1.8 3.422.5 Jan. highpacties's Brewery 144 2011 12-9 1.6 2.828.1	Feb. Aug/Brenner 74 03.10 10.5 0.3 0.9 — Feb. Aug/Brown (N) 200 515 22.12 115.63 3.0 1.5 30.2 Jan July-Brown (C.) Car 100 311 6.4 143.0 2.9 1.335.7 Feb July-Barton Group 500 317 22.12 15.7 3.4 2.5 16.1 Mar Sept/Cantors 200 560 23.2 12.25 5.5 1.912.6 Oct 10. W 200 143 23.2 12.25 5.5 1.912.6	October Northanber 50	OcuClifford's Darries 366 6.4 8.0 2.2 3.0 18.4	Mer Jin Se De Emittort Corp. S1	Ror NordStracklare 268 23.3 12.0 3.2 6.1 5.5 Sext ApriStanethil Hits 94 13.7 418.6 1.5 5.5 Dot JaneStanethil Hits 294 13.10 10.0 0 4.8 0 Nov JaneState So 283 6.4 4.2 3.2 2.0 1.9 9 Jane Nove More Pack A 60c 134 13.4 10.9 2.1 2.2 3.2 2.2 3.2 2.2 3.2 2.2 3.2
Apr. Oct.Clark (Matthew)	June Dec Lasiert (S.) 10p 121 6.4 102.2 1.7 2.5 2.7	Jan. Oct. Penny & Gales Intl. 233 812 12.18 46 13.293 May July July July 13 121 12.5 14 13.293 May Mar. Sept. Pentan-Enter Apr. 13 121 12.5 14 14 15 15 15 15 15 1	0c 0	Jame Esselie AS SIG-121 ₂ 2153-22-5 03276 0 2.4 d Jan Euro Ferries 140 25.1 44.75 2.4 4.50200 June Da 574 Red. Pref. 220 12.5 5% ~ 5.7 — New July Euror 4. 224 12.7 4 5.0 0 2.9 0 Exception Jeneticop. 6 27.9 0.05 — —	- Systemore Hidgs 34 7784 100 0.8 5.7134.77 - Taiber 59 27 - 123 43 11.82 40 122.22
July FebGreevall Whitley 252 22.12 5.5 3.0 3.0 14.6	Agrif Oct Courts W 186 232 4,7 2,6 33 2,7 1 June JanDAKS Surpoor W 645 1811 7,0 51 1,5 17,9 Movember Weller 180 277-1339 025 6,4 1214.1 October Weller 180 322 6,4 33 4,7 1,4 20,5 July ModDewthrat (1,1) 180 78677-4 1,0 3	Jame DecPhilips Fri. 54/% £100-[8-11] 55/% E.5 Fe Jam May Philips Lin F10 £14/2 51/2 420% 6 4.4 6 Apr. Oct. Price Wriges 20p. 482 £4 5.76 3.0 3.9 12.1 Jan Apr. Oct. Do. W 20p. 189 £4 5.76 3.0 4.4 9.0 Jan Mar Septial Plasares 10p. 69 2.1 8.2 1.4 3.9 Mar May 10p. 12p. 10p.	Dec Corp Sp	- Falcon Inds 771,985 8	DEL April Technology for Bes. 438 (c.4 4.5) 3.8 1.3 (27.5) May 57 Technology for Bes. 134 23.3 65.39 1.4 5.53(47) May May Technology for Bes. 134 27.4 2.0 5.3 1.5 17.2 May May Technology for Bes. 134 1.2 7.8 1.2 7.2 7.2 7.2 7.2 7.2 7.2 7.2 7.2 7.2 7
Jan Jane Hightard Dists. 20p 79m27.4 72.18 2.4 3.8 15.3 Oct Maylimetroproto Obis 174 23.3 5.25 2.8 4.111.8 Dec Julylinish Distillers	Apr Octioness Group 10p 387 26.1 aF4.0 5.1 1.424.2 Jan Jane Dunnil Higgs. 10p 629 24.11 75.5 5.3 1.2 18.3 Jane Decilità & Gold 15p 765 127 — — — — — — — — — — — — — — — — — — —	Mor May Powerline int. Sp. 126 6.4 225 3.9 2.7 13.0 0ct.	Geest 5p 228 − L3.2 ♦ 1.9 ♦ Apr. Glass Glover 5p 315 9.2 4.3 2.4 1.7/24.2	Sept Marifemer (J. H.) 186 8.12 5.0 1.5 3.7 z/A 1.0 1.5 1.7 z/A 1.0 1.5 1.7 z/A 1.5 z/A	here Decitived Mile Inv. 176 ID31 122 34 1718.7 Theorem T-Like 41 980 12 23 11718.7 Mr Ju Sp DetTAT ASO.50 182 233 1014c 27 3311.2 Feb OctoViesty (Elical Sp. 61 2212 289 18 6511.8 May Decitived Sp. 221 233 18 2018.0
Jan Oct FMervelowe Wine 416 812 85.33 3.1 1.8/25.3 July Jackhorland	Jax AdyElam 100	Consider House Inc. 223 23.2 4.75 3.5 3.113.0 Jan Feb. Ass. Recal Electrories. 229 9.2 13.03 3.0 1.822.3 Nov Apr Oct De Pachus 2009-14. 51.01423.3 798.17.5 ff.6. — Selations Con So. 1.3827.7 4 17.98 4 7.2 a. Jake	Octivitiers 10s 345 232 4 FG 0 33 14 90.6 Ab/Hillstown Farm 10s 286 271 4 FG 0 33 14 90.6 Ab/Hillstown Farm 10s 280 233 453 26 22 21.0 [Hillstown Farm 10s 280 23 453 26 22 21.0 [Hillstown Farm 10s 280 23 453 26 22 21.0 [Hillstown Farm 10s 280 25 25] 25 25 25 25 25 25 25 25 25 25 25 25 25	Nor May Rector Clause NSSIS 200m 2016 1018 9d 18 3 331.65 1 3 4 1 2 4 4 1 2 1 2 3 1 2 1 2	Apr Oct Tombies 1F.H.) 5p 260 [23.2 ft 21.3.5] 11.55.6 Dec Jane Do Sánc Carlvila PH 129 81.7 5p. 2 1.55.6 Lan. Anay Touthil (R.W.) 260 [21.2 ft 25.3.4 4.3 9.3 1.55.6 Torre Toye 148 (27.4 50.2 4.4.12.8 1.55.6
Feb July Water Group	- Ford (Marteu) 10p 95 12 75	October HRadhu 59	Maylicekard Frozen 10p 337 5.4 3.79 3.1 1.525.6 mate Hisrael Clark 1.1 sp. 29-28.7 0.5 2.6 2.322.9 Montarots (W.AR)	July Janier (Higgs)	No. MayTransport Dev. 231 23 7.5 22 4 6 13.4 Transport Sp. 46 176 173 - 803.6c 28 1.6522.4 Inferious Renais L 20 78 22.5 0.9517.4 (64.6 No. MayTranse & Newall £1 25.8 29.9 (9.75) 24.4 0.012.7
BUILDING,	150 150	May OctSTC 287 9.3 4.5 6 2.1 6 May Jan AugSarsota Tech. 10p. 270 6.12 67.54 2.1 1.345.2 Move Aug Jan Scattoner 10p. 215 24.11 101.65 3.5 1.137.3 May May Web Scholes (6H) 385 23.3 101.15 2.2 4.115.4 Aug 23.5 23.3 4.115 2.2 4.115.4 Aug 23.5 23.3 4.115 2.2 4.115.4 Aug 23.5 4.115 23.5 4.115 23.5 4.115 4.1	Jan Low (Wen.) 20p	Jane Janičkov 50p 50p 514 5 10 11 11 11 13 2 1 1 1 2 5 2 5 2 5 2 5 2 5 2 5 2 5 2 5	Decilio Hidgs 10a
July Nov Aberdeen Const	Mar DecGreen Universal £194,92 272.0 3.4 1.525.7 Mar. DecGreen Universal £194,92 272.0 3.4 223.78 May Roof-Namples Newcore 10s. 3.6 2.3 103.11593-62 3.6 3.012.3 Jan Anythieses Lon 105. 40 211 1.53 6 5.6 6	Mos. Mary Systems 233	Second S	- Godunie Corp 231m27.4 L5.3 0 3.4 0 1822.9 R2.77 27 1822.9	Utal Garantee 50
May Arnellife 10p 105 23.2 41.6 22 21/24.6 1 1 1 1 1 1 1 1 1	Apr Occitorius Group 59 254 25.1 72.2 1.5 5.8 16.5 Dec Jamelitusce of Lerose 254 23.3 9.4 6 5.1 6 - 4 Apr Occidence 165 35 - 7.0 6 3.1 6 Apr Occidence 1670 15 - 7.0 6 3.1 6 Apr Occidence 1670 15 - 120 23.2 ad 5.5 1.8 4.0 18.7 June Deci-kient Lobal 59 28 28 24.1 44.5 1.1 1.3 9.7 7.6 4.0 1.1 1.3 9.7 7.6 1.1 1.3 9.7 9.7 9.7 9.7 9.7 9.7 9.7 9.7 9.7 9.7	- #Soundtracs Sp. 53 12.1 12.3.1 3.1 14.5 Jan July Junistrac Come. 100	SeptPart Food 20p	April Oct 005.7500xCmRed*L 1257-23.2 5.75% 52.6 6.3	Sim
San Jame Barley (Sen) 10p 46m274 m0.4 1.2	Jan Auglt, CP Hidgs 228 24.11 446.51 1.1 3.9.27.6 Ora. Apr. Ladies Profe 200 46 30.6 0.75 0.3 1.1 July Kanta 21.9 65 30.6 0.35 0 1.2 0 July Novil are Cooper 391 27.10 14.2 4.3 1.5 16.6 June Novi Da. Non Vrg. 585 13.10 9.0 0 1.4 0 June Novi Da. Non Vrg. 585 13.30 9.0 0 2.3 0	May Nort-pysicers Designers 86 54 0.55 42 0.97203 Feb Jir NortSysteen Robits, 100 15 1310 5.0 \$\tilde{\text{0.0}} \ \tilde{\text{0.0}} \ \text	AngiSaheper (Dersian) 157 2212 13.25 2.7 2.817.2 AngiSaheper (Dersian) 157 2212 13.25 2.7 2.817.2 AngiSaheper (Hr 1.25) 125 2.12 4.0 2.0 4.415.5 CodSource (Hr 1.25) 100 22.4 0.13 - 0.2 - 859(4) angistant (E.T.) 77 23.3 (2.33) 0.7 596.3 Jahri mas 6.196 1.7 25.2 12 123.0 2.0 4.114.9 12 12 12 12 12 12 12 12 12 12 12 12 12	Mar Septifiarris (PL) 20p 265 2212 9.25 28 4.610.1 79 29.9 2.6 4.610.1	August Hwelpac 7p 25 14.7 F0.35 3.8 1.9 22.0 1.9
Mar. Aug Bett Bras. 20s. 103 26.1 d3.1 l1 4.1 29.5 hane Oct. Blockier; 20s. 1191-64. 30.0 e 21 e 10.0 lb 21.0 e 21	Mr Je Se DelLamined Inc SD.50	Apr Deci Jelyricei. Rentak. 250 27.10 7.75 6 4.3 6 Mar. Dec Jelyricei. Rentak. 250 27.10 7.75 6 4.3 6 May. Bray. 273 26.1 64.0 48 1.915.3 Apr. Apr. Apr. 25 4.4 1.320.9 Jan	- Traveer Ruf. 200	Deltarria Whiten 5p: 32 125 13.0 8.9 13.4	Maries Wishers (1)
May DedBritish Dredging	-	Mar. OCT		May Hestar 251 241 4.5 4	Many Money
Oct. MayContex Gross	- HPail Michael Len 59 Th 6/85	Apr. GCLVeneer Jup. 200 25.2 6.5 2.2 3.417.1 5ar SetUnited Leasing 25p 251 8.12 4.43 5.1 2.1 9.7 April Octivis, Setwith: 263 22.1 6.0 0.1 3.1 2.1 8.4 3.6 8.6 0.9 21.6 Pet. Oct.Veter Group 306 8.12 9.9 2.7 4.00 0.0	HOTELS AND Caterers	- Hhotes Supermitted State 2758 23.2 2.13 29 1.1 49.8	For Mary Workerster 10p 578 6.4 2.2 2.5 3.712.5 588 6.4 2.7 2.4 7 1.710.6 8 6.4 2.7 5.0 2.0 2.0 2.0 2.0 2.0 2.0 2.0 2.0 2.0 2
Decisible Douglas (Robt. M)	January	Nov May Wayne Kerr 10; 78x827.4 11.5 6.0 24.7 6 April July Wayne Kerr 10; 78x827.4 11.5 6.0 24.7 6 April July Wayn Select 20; 91.212 3.0 2.3 4.9 13.9 April 20; 12.12 3.0 2.3 April 20; 12.12 3.0 April 20; 12.	Hiarmony Lengare50 36 - LB1024 0.429.0	July Horier 10p	INSURANCES
August Fairbrar 10p 208 22.12 14.01 2.9 2.6 17.9 Dec June Feet Intl. 100 174 10.11 0.176 1.4 - 1.0 0.1 0.176 0.1 0.176 0.1 0.176 0.1 0.176 0.1 0.176 0	Jan July Do. 301/90271 12/901 40 72/12 3.94 (13.59) Dec. JulyStars Drug 10p. 275/8027 A 72.4 4.5 (1.2/5.6 December McSentiture 10p. 240 10.11 Mar Octomitur M. July School 21 2.9 2.4 Mar Octomitur M. July School 2.1 2.0 2.9 2.419.6	ENGINEERING Jane Oct MarylaPV Bather 500 435-627-4 19-0 4 41 4 July June Monladence Group 255-627-4 18-59 2-3 4 0 19-0 July	July	أأربان ليومو المشور الموجود المتحدد المتحدث المتحدث	Am MoriAbber Life 50 259-027.4 8 90 - 4.2
Apr., Nov. Califord 5p	Feb. Acq.Stread. & Sim W	- Actira Intil So 22317/8 - 19 6.211.4 say - 22317/8 - 2311.4 say - 2311.4 s	Roy Pres Esserais 50a 176427.4 2.55 \$\ \text{1.7} \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \	April Jackson Bourse 545 (8.12) (3.5 3.1 11/22.0 14/20.1 15/63.0 14/20.1 1	br OsiBratiscic Group Sp. 154027.4 14.2 2.2 4.3 4.7 4.5 2.3 4.7 4.5 2.3 4.7 4.5 2.5 4.
Dec. authitisector-Staart 20a 100 13.10 1.7 0 2.6 0 1.5 0 1.5 0 0 1.5 0 0 0 0 0 0 0 0 0	July Mon Supering Str. 10a - 699 [29,9] 65.8 6 1.1 6 May Rowlet & 5 Stores So 32 6,4 3.5 4.0 1.5 2.2 Tithet & Britan So 220 6,4 1.3 5,28 2.3 21,6 Feb. Aug Time Procs. 10a 12 62.1 1.2 1.2 1.2 1.2 1.2 1.2 1.2 1.2 1.2	- Ealler (c. H.)	INDUSTRIALS (Miscel.)	0c. Apr. Johnson Cleaners	for Combined int see Ann Corpo
Dec. Mary bronch Johnson 245 6 6 6.0 2-9 3.1 3.7 Wirel Amor Cpd 400 70 170 177 2-2025 187 Cpd	November Underwinder 10b 197 77.10 11.45 3.3 1.1136.2 1.1000 15 1.100 1.	Mary Nor-Blackwood Hodge - 491-64 10 41 39 9 6 20-	Stock Price 18 Net C'w Sr' Price Net		500 2421 124.4 2 1 67.92
	Mar Sent Wassall Li. W.J. 20 19 10 0.9 1.7 — November FW sches 40p. 250 6.4 42.5 5.1 10.27.5 Wassall Li. W.J. 2068 — 22.5 0.5 1.7 —	Feb — CedBrassch 10n 55 1.9 bl.13 4.2 2.811.5 May 17 10700 37.1 Oct Feb — CedBroossgrose Inds 5p 137 19.2 †1.3 4.5 1.9 22.8 May	Novinaso fit	285 4 675 4 32 6 6 6 6 6 6 6 6 6	one Oct. London United 209 279 270 270 271 4 271 271 271 271 271 271 271 271 271 271
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			LONDON SH	ARE SERVICE		
Divis	INSURANCES Continued	PAPER, PRINTING—Continued	TEXTILES—Cont. Dividends Last Day Yed Paid Shock Price 15 Net Cay Er's Price Er's Price	FINANCE, LAND—Cont.		MINES—Continued
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May 18-21

APPOINTMENTS

BROTHERS GROUP. He will become chairman at the conclusion of the annual meeting on May 28. Sir John is a former chairman of the UK Atomic Energy Authority and is currently chairman of Amersham International and Aurora Holdings. Mr William Dacombe will receive about a very the second of the secon remain chief executive of the Rea Brothers group and chair-man of Rea Brothers, the London

mr John Harris, chairman of EAST MIDLANDS ELECTRICITY since 1982, has been re-appointed to serve for another five years from October 1.

JOHN GOVETT AND CO has appointed to the board of its newly-formed pension fund management subsidiary, John Govett Pensions: Mr Dwight Makins as chairman; Mr Mike Sampson, managing director; Mr Mark Cornwall-Jones, group investment director; Mr Robin Berrill, marketing director; and Mr James Barstow and Mr Ian Kennedy as directors. Kennedy as directors.

Mr David M. Bacon has been appointed a non-executive director, and Mr A. David becomes companies secretary of NASH INDUSTRIES.

Mr Derek Stevenson has been appointed a director of the GRESHAM GROUP'S operating companies and general manager (administration and personnel).

Mr Charles F. Moxem, marine underwriter for BISHOPSGATE INSURANCE, has been appointed a director of both Bishopsgate and its subsidiary adenhali Insurance.

Mr Richard Wright has been appointed chairman of the CON-FEDERATION OF BRITISH INDUSTRY'S health and safety policy committee. He is director of personnel at Reed International. Mr Stuart Phillips has been made chairman of the transport policy committee. He is distribution director for Rank Mr Graeme Elliot, vice-chairman of Slough Estates, becomes a member of the CBI southern region council.

GB PAPERS has appointed Mr Allan Milne as manufactur-ing director at the Guardbridge Mill in Scotland. He was mill manager. The company is part of the James River Corporation of Richmond, Virginia, US.

Mr Derek C. Leedham has been appointed to the board of WATES SPECIAL WORKS. He is chief planning engineer.

Mr Hugh Pride, who joined

Rea Brothers chairman Sir John Hill has been appointed a director of REA the company in 1984 and is BROTHERS GROUP. He will based in Seoul, has been become chairman at the conclusion of the annual meeting on International Fund Managers.

May 28. Sir John is a former

Mr Jamie Sheidon has been appointed a director of GNL futures broking subsidiary of GERRARD AND NATIONAL HOLDINGS.

THE UNITED BANK OF KUWAIT, London, has established UBK Export Finance as part of its plan to extend its project and export finance capability, and has appoined Mr Brian Melville as head of export credit. He was an assistint director of Grindlay Brandts

Mr Stanley Charke, chairman Mr Stanley Clarke, chairman and managing director of Courier Press, will join the board of EMAP. Mr Robin Miller, Mr David Arculus and Mr Martin Lasby of EMAP will join the board of Courier, with Mr Lusby becoming deputy chairman of Courier. Following EMAP's acquisition of Senews Mr John Bradshaw will become managing director of Senews. managing director of Senews.

As the first stage of an expansion of its UK operation, McDONNELL DOUGLAS FINANCE CORPORATION has made the following appointments: Mr John Bennett as director — operations, responsible for marketing and business development. He was formerly a director of the Royal Bank of a director of the Royal Bank of Scotland's leading subsidiary. Mr Jack Stephen, treasurer and controller with Security Pacific Eurofinance, is appointed director—finance. Mr James Finlay, who joined in 1982, becomes director—risk administration.

Mr Anthony Isaacs will suc-ceed Mr Richard Eddis as senior partner of STEPHENSON HAR-WOOD on May 1. Mr Eddis remains a partner. Mr Michael Wood, Mr Nicholas Phillips and Mr Trefor John have joined the partnership.

Lord Nathan has retired from HERBERT OPPENHEIMER, NATHAN AND VANDYK as NATHAN AND VANDYK as senior partner and becomes a consultant to the firm. Mr William Pybus has succeeded Lord Nathan as senior partner. Mr Pybus has been a partner since 1953 and is chairman or director of a number of public companies. companies.

Mr Tom Stobart, managing director of EEC Quarries, has been re-elected chairman of Mr Hugh Pride, who joined the company in 1982, has been trade federation. Elected vice-appointed systems director of chairman was Mr Jack Mawdeley, BARING INTERNATIONAL chief executive, Tarmac quarry INVESTMENT MANAGEMENT.

DIARY DATES

Parliament

TUESDAY Commons: Proceedings on the Chevening Estates Bill. Landlord and Tenant (No 2) Bill. remaining stages. Motions on rate support grant orders. Motion on teachers' pay and conditions order. post-school education. Crown Proceedings (Armed Forces) Bill, second reading. Short Bill, second reading. Short debate on the draft EC directive on broadcasting. Select committees: Foreign

conditions order.

Lords: British Railways (Stansted) Bill, third reading, Irish Sailors and Soldiers Land Trust Bill, committee, Housing (Scotland) Bill, third reading, Aboli
Select Committees: Foreign of Head Teachers; Alds Inaison of Head Teac 10.30 am). Energy—subject: work of the Nuclear Installa-tions Inspectorate. Witnesses: Mr E. A. Ryder, HM Chief Inland) Bill, third reading. Abolition of Domestic Rates (Scotland) Bill, report. Deer Bill, second reading. Debate on EC report on the European Farm spector of Nuclear Installations, Police Branch, NII (Room 15, 11 am). Trade and Industry— subject: motor components in-dustry. Witnesses: Mr Giles Price Review.
Select committees: Education, Select committees: Education, Science and Arts—subject: special educational needs. Witness: Schools Inspectorate. (Room 15, 11.15 am). Parliamentary Commissioner for Administration — subject: reports of the Northern Ireland Commissioner. Witness: Mr Hugh Kernohan and Mr J. Conway (Room 5, 4.30 pm). dustry. Witnesses: Mr Giles Shaw, Industry Minister and Mr John Butcher, Parliamentary Under-Secretary (Room 15, 11 am). Home Affairs—subject: regulation of DBS and Cable TV. Witness: Home Office (Room 5, 4.15 pm). Public Accounts—subject: arrears of work; Inland Revenue Department: auropartation accounts. ment; appropriation accounts, 1985-86; Treasury minutes on life assurance or the second secon Commons: Debate on the 1985-86; Treasury minutes on security situation in Northern life assurance premium relief Ireland. Motion on police and industrial relations orders con-

Smaller Cos L EC, 2.30

Lords: Debate on the state of Revenue (Room 16, 4.15 pm). ments. Fire Safety and Safety ost-school education. Crown Social Services—subject: proboto of Places of Sport Bill, remain-inceedings (Armed Forces) lems associated with AIDS. Witing stages. Motions on financial lems associated with AIDS. Witing stages. Motions on financial nesses: National Union of services orders. Opposed priebate on the draft EC directors. National Union of vate business at 7 pm. Schoolmasters/Union of Women Teachers; National Association of Head Teachers; AIDS liaison

Lords: Committee stages of the Agricultural Training Board Bill, Register of Sasines (Scotland) Bill, Immigration (Carriers Liability) Bill. Pilotage Bill, consideration of Commons amendments. Parliamentary and Health Services Commissioners Bill, report, Swanage Yacht Haven Bill, second reading. Registered Establishments (Scotland) Bill, committee. Unstarred question on the Government's response Lords: Committee stages of Mr William Waldegrave, Minister of State, Environment Department (Room 20, 430 pm). Treasury and Civil Service Sub-committee—subject: Civil Service recruitment, training and career management Wit-Service recruitment, training and career management. Witnesses: Council of Civil Service Unicons: Association of First Division Civil Servants (Room, 6, 4.30 pm). Joint Committee—private bill procedure. Witness: Open Space Society (Room 2, 4.30 pm). Committee on Private Bills—unopposed bills: British

-unopposed bills: British (Emergency Provisions) Bill, second reading second reading port Aircraft Movement Limit Waterways Board: Bexley Lon-Order 1987, motion for approval. Motions on sex dis-crimination, and race relations and mortgage interest relief at source. Witness: Mr A. M. W. Commons: Banking Bill, conorders. Access to Personal Battishill, Board of Inland sideration of Lords amend- Files Bill, second reading.

FRIDAY MAY 8

Trade fairs and exhibitions: UK

Scottish Money Show (01-948 5166) Scottish Exhibition Centre. Northern Ideal Home Exhibition (0602 501202) (until May 13) G-Mex Centre, Manchester May 7-9 Consumer (01-486 1951) May 18-21

Scottish Freight Transport and Distribution Exhibition Con-ference (01-642 7688) Aviemore Centre May 10-13 Business to Business Exhibition (01-729 0677) Barbican Centre May 12-15

Automated Manufacturing Exhibition and Conference—AUTOMAN (01-891 5051) — Quality
Assurance & Production Inspection Technology Exhibition
INSPEX (01-940 6066)
NEC, Birmingham
(01831 5051) — Quality
Assurance & Production Inspection Technology Exhibition
INSPEX (01-940 6066)
NEC, Birmingham
(01831 5051) — Republic Repu

Overseas

May 5-9 International Footwear Leather Goods Show (01-379 Talpel 0765) May 6-10

International Contract Floor Coverings Exhibition (01-734 Frankfurt 0543) May 8-13

International Industrial, Automation, Process Control Technician and Equipment Exhibition CHINA INPROTECH (02403 29406) Beiling

May 17-20 Business Efficiency Exhibition— BEE/OFEX (02403 29406) Hong Kong International Technical Fair (spring) (021-705 8707) Budapest International May 27-June 2 May 27-June 2 International Trade Fair for Machinery & Equipment for Wood & Forest Industries— LIGNA (01-651 2191) Hanover June 9-15 June 9-15
International Building Construction Exhibition — CONSTRUCTION CHINA (01-486 1951)
Beijing

International Process Engineering Exhibition (01-855 7777)
Earls Court

International Environment and Safety conference and exhibition (0727 51993) NEC, Birmingham

Business and Management Conferences

The Textile Institute: World conference — textiles: product design and marketing (061-834 S457) May 6-7

Financial Times: The fifth FT petrochemical and related indus-manufacturing forum (01-621 tries (01-222 7899) The Hague 1355) Hotel Inter-Continental, WI Campaign Marketing: The ad-May 11-12

Practising Law Institute: Foreign Investment in the United States after the Tax Reform Act of 1986 (NY (212) 765-5700) 12.00
wmers Abroad, Berrington House, 59-67
Gresham Street. EC3 12.00
alirta, Grand Hotel. Leicester, 12.00
tetuge Group, 103 Oxford Street.
Manchester, 11.30
yıdall Hidss, Barrington House, 59-67
Gresham Street. EC, 12.00
BOARD MEETING New York Hilton May 11-15

ISATA: 16th International Sym-posium on Automotive Tech-nology and Automation (01-680 Flerence

Longman Seminars: Defaulting debtors: how to avoid them and what to do if you fail (01-242 4111)

Cavendish May 12-14

Financial Times: The tenth FT
World electronics conference
(01-821 1355)

June 3
Oracle Business Information:
managing a unit trust group (01580 5588)

Cavendish Inn on the Park, Wi

May 18-19 Financial Times; European banking conference (01-621 Milan May 18-20 IMECHE: European congress on

fluid machinery for the oil, petrochemical and related indus-tries (01-222 7899) The Hague vertising and marketing conference (01-680 7525) Royal Lancaster Hotel, W2

May 19-21 May 19-21 Spectra: Retail Europe '87 (0734 794161) Novotel, London Institute of Directors: Directors' responsibilities and liabilities (01-839 1233) 116 Pall Mall, London May 27-28 Crown Eagle Communications:

May 12
Institute of Directors: The Inland Revenue and the Company Executive (01-839 1283)
116 Pall Mail, SW1

Lordon Fagie Communications.
International trade finance (01-242 4111)

Tower Hotel, E1

May 28

May 29

London Press Centre May 29

in Seminars: Defaulting Institute for International: how to avoid them and Research: Advanced strategies in do if you fail (01-242 cavendish ing in mortgage securities (01-242 conference Centre, W1 434 0301) Royal Lancaster Hotel, W2

Conference Centre, W1 Anyone wishing to attend any of the above events as university telephone the organizers to ensure that there has been no change in the details published.

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WEDNESDAY

DIVIDEND & INTEREST PAYMENTS—
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Scottish Eastern

Coventry, 11.30
Coventry, 11.30
Renwick, Recwick House, Brochem Road, Palamon. Devon, 12.00
Rivin, Gt Eastern Hotel, Liverpool St, EC. 10.00
Systems Designers, Salters Hall, Fore St, Barbien, EC. 12.01
St, Barbien, EC. 12.01
BOARD MEETINGS—
BOARD MEETINGS—
Finals:

Interiors
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DIVIDEND & INTEREST PAYMENTS---

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International Invet Co of Jerser 6.59
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COMPANY METINGS
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set. 12.00
Rentoldi, Felcourt. East Grinstead, West Sussex, 11.00
Schroders, 120 Chassoride, EC, 12.00
Scanley LA. G.J. Macclesheid Rd. Holmes Chapel, Crewe. Cheshire, 12.00
Steel Burrill Jones, GE Eastern Hotel, Livernool St. EC, 11.30
T and 5 Stores, Post House Hotel, Chapel Lane, CE Barr, Birmiogham, 12.00
Worcester, Dielis, Worcester, 1.00
Worcester, Dielis, Worcester, 1.00 BOARD MEETINGS Finals:
City of Oxford Inv Tat
Davies and Metcalte
Forward Grp
German Smaller Cos Inv Tat
Malartic Hygrade Gold Mines
Maris and Scencer Gold Mines
Nurdin and Pescock Cash and Carry
Smallehaw (Fg.) (Kaltwear) Toser Kensley & Millbourn, Royal West-shinster Hotel, Buckingham Palace Road, SW. 12.00 Turner & Newall, Portland Thistle Hotel, Portland Street, Piccality Gardens, Man-chester, 2.50 United Biscutts, George Street, Edinburgh, 12.00 BOARD MEETINGSng Far Eastern iny Tsi ined Lease Fin 0.5p suids BooPf 2.1s. 6-sects 1994-98 . 7-sects 1984-96 3-sec eers Drid (Reg) 0.6 cts. Drid (Br) Blue Circle 164pc0b 1994-99 BP 25) Proad Street 1.1p Conversion 94pc 2003 47pc Elders 121 Scts Electo 2p Investment Tet of Geerney 5-1 Jones 1.350 Component COMPANY MEETINGS.—
Alida Hidgs. Hessor Gate, Hessor. Derby-ablre, 11.00

Finance

Chamber of In-

Ledson Rd, 11.00 Yeavil, Somer-

12.00 Royal Country Hotal.

(Hugh), Royal Country Hotal, Clty, 12.00 Corn, Gt Eastern Hotel, Liver-EC 12.00 (J. N.) (Vimto), Lecson Rd, hawe, Manchester, 11.00

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Dividend & Interest Payments—
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countrywide. Compaght Rooms. ten St. WC. 11.30 Llokn 1.3. General

Barton Transport
DIVIDEND & INTEREST PAYMENTS—
American Express 38 cts
Anglo American Ind Corp 135 cts
Boddington 2.23p
Cattle's 1.473p
Continents! Microwave (p
Desouther Bros 3.2p
FIL Group 30
Fiber (Lannes and Sons 0.35p
Hall (R. and H.) 3.30
Home Farm Prods 1.15p
Inversorden Distillers 3.75p
Jaguar 8.2p
Jourdan (Thomes) 3.25p
Klearfold 3.1 cts
Megnetic Microwave 6 cts
Magnetic Microwave 6 cts
Magnetic 12p
Robunds 10
Schroders 10.5p
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Transport Dev 5.5h
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SATURDAY MAY 9
DIVIDEND & INTEREST PAYMENTS—
Grampian 3p
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p Clay 2003 5.75pc
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DIVIDEND & INTEREST PAYMENTS— DIVIDEND & INTEREST PAYMENTS—
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Nts 1992 \$158.69

Gulf Investment Corporation's (GIC) record of growth continues. Total assets increased in 1986 to US\$1-311 billion from US\$1048-billion the

previous year This positive trend is also relieved in the net income performance, which grew by 23% to US\$70.1 million compared with US\$57.2 million in 1985. US\$ 475 million Some 33, projects, with a, Assets

\$ 70.1 million total value of US\$3.3 billion US\$ 46.4 million \$ 57.2 million are currently under Nethbone \$ 272 minor evaluation and review by our I

Projects Group: These range from metals to petrochemicals appropriess to marine services, aeroengine overhaul facilities to pharmaceunicals. electronics to tyres, and many more besides. Investment by the private sector is seen as a key to the success of planned projects. It is GIC's strategy to seek private partners in the various ventures GIC indentices. Private sector investors are already GIC partners in a number of projects. Activities in portfolio management, securities trading financial advisory services, foreign exchange and the money markets also showed: significant growth.

Equally owned by the six governments of the GGC states. Galf.

Investment Corporation is making a major contribution to the economic. development of the region by promoting a new generation of was industries and services.



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Speden

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Charme recent years sweller ters done much to restore its position as one of the world's leading dating makers.

The country's economic recovery and the increasing presence of Swedish corporations in the interestitional despetible edge major factors in positioning sweden as a funny attractive nazele forgute partonism vestors.

MoDo

Over the next few weeks the Swedish Annual Report Index will highlight key details from the latest annual reports of a series of leading Swedish corporations.

Mo och Domsjö AB

organisations:

is a forest industry group with more than 7,000 employees, of whom more than 1,800 work abroad. The company is one of the largest producers of pulp and fine paper in Europe. Apart from these products, the Group also produces tissue paper and hygiene products as well as sawn timber products.

The operations are conducted through the following

MoDoSkogen (manages the Group's 635,000 hectares of productive forest lands and is responsible for supplying wood to the company's mills).

MoDoCell AB (production and sale of sulphate pulp, sulphite pulp, mechanical pulp and chemi-thermomechanical pulp).

MoDoPapper AB (production and sale of coated and uncoated fine paper).

MoDo Konsumentprodukter AB (production and sale of tissue paper, hygiene paper products).

Other units include Domsjö Sawmill (sawn timber products), MoDo Converting Machinery (sales of machinery for production of diapers and hygiene products) and the Power department.

MoDo owns 39.9% of the shares in AB Iggesunds Bruk (a forest industry group which products approached)

(a forest industry group which produces paperboard, pulp and sawn timber products). In 1986 the Group's total sales amounted to SEK 7,397 million. The consolidated profits before extraordinary items, appropriations and tax was SEK 343 million.

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Continued on Page 45

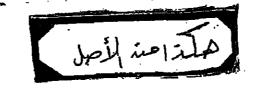
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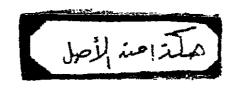
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FINANCIAL TIMES

WORLD STOCK MARKETS



Spirit dampened by holidays and auctions

WALL STREET

SOME LATE buying helped Wall Street stock prices overcome earlier losses while bond prices fell more than one point as the dollar turned lower despite central bank intervention, writes Roderick Oram in New York

Activity was dampened by lack of international buying because of the closure of the London and Tokyo

markets for holidays.

The Dow Jones industrial aver age closed up 5.83 points at 2,286.22. It had opened about 10 points up but drifted more than 18 points below its previous close during the afternoon before recovering.

Broader market indices showed a mixed pattern with the Standard & Poor's 500 index closing up 1.33 points at 289.36 and the New York Stock Exchange composite index adding 0.58 to 163.22 while the American Stock Exchange composite was up only 0.01 at 325.18.

NYSE volume of 140.7m shares was the slackest since April 20. Declining issues just outnumbered those advancing by 818 to 757. Among the blue chips, AT&T

added S% to \$24%, IBM gained \$2% to \$163, Boeing gave up S% to \$44%, Eastman Kodak dropped S% to \$75%, General Motors fell \$% to \$91%, McDonald's gave up \$1% to \$80% and Sears Roebuck edged up S% to \$52%.

Joining the band of brokerage house recommending a higher cash position in portfolios, E. F. Hutton switched its recommendation to 50 the purchasing managers survey per cent equities, 35 per cent cash for April which indicated a slightly and 15 per cent, from 75 per cent eq-more bearish outlook. The manag uities, 25 per cent bonds and zero

"In the current stock market environment - more risk on the downside than the upside - relatively safe harbour should be found" in stocks offering good earnings, Hutton said in a circular. It recom-

prices yesterday. Phelps Dodge added \$3% to \$33%, Homestake rose \$1% to \$38%. Newmont Mining gained \$3% to \$95% and ASA added \$11% to \$66%.

USX advanced 5% to \$29. It foresteel plants will reach 85 per cent

Among yesterday's issues in the news, Merrill Lynch edged ahead \$% to \$38% in ex-dividend trading. It reshuffled top management over the weekend following bond trading

losses totalling more than \$250m. A.H. Robins gave up \$% to \$20% after a group of New York investors led by Mr Michael Steinhardt said it had raised its stake in the company to 6.7 per cent. Recent newspaper reports said that the drugs in the US dollar and the lack of group's bankruptcy reorganisation plans would burden it with heavy debts and leave it financially weak

Paine Webber analyst raised his commendation to a "strong buy." Mack added \$% to \$17%. The

heavy truck producer won agree-ment from its unions for a five-anda-half year labour contract which In the takeover arena, Church's

Fried Chicken rose \$1% to \$11%. The chain of fast food restaurants said it had received a \$12% a share takeover offer from a newly formed investment group including Shearson Lehman Brothers and Citicorp Capital Investors. Church's said its board would consider the offer.

HBO gained \$1% to \$13 in the over-the-counter market after it authorised Goldman, Sachs to seek potentail takeover offers. Current market capitalisation of the group, which supplies hospital information systems, is around \$280m.

Zapata, a construction, dredging and oil and gas drilling group, gained \$% to \$4%. It agreed in principle with its creditors to restructure long-term debt totalling \$560m, of which about \$175 will be turned into

equity.
US credit markets traded thinly yesterday because of holidays abroad, the reluctance to take position ahead of the Treasury's auction of \$29bn of debt securities which be gins today and a weaker dollar. Bond prices fell by more than one

point, with, for example, the 7.50 per cent benchmark Treasury long bond finishing down 1% of a point at 871 /2 yielding 8.67 per cent. Disappointing news came from

ers reported continuing strength of new orders but a higher incidence of price increases.

The auctions will dominate the markets this week, with the degree of Japanese participation one of the key questions. The recent decline and continuing instability may mended, for example, chemicals, dampen their appetite for new health care and technology stocks.

Mining and metals stocks rose in closed yesterday and today New line with higher precious metals York participants lacked an indica-Phelps Dodge tion of current Japanese feelings.

CANADA

cast that operating capacity of its STRONGER mines helped Toronto post early gains. Dome Mines traded CS% higher to CS21%, while Placer firmed CS½ to CS46%. Campbell Red Lake at C\$40 was C\$1%

> Among base metal issues, Alcan was C3% ahead at C537%, Inco was C5% higher at C522 and Cominco

was C\$% up at C\$16%. Oils were broadly lower with Dome Petroleum edging 6 cents down to C\$1.30. Banks were weaker on the drop

Haig Simonian considers how small companies will be affected by the opening of West Germany's fourth equity market

Fresh bid to harness the economic backbone

with three different equity mar-rage both companies and investors a start, small companies will only kets already running on West Ger- to show interest, but it is the new have to publish financial informamany's eight regional stock ex-markets' more relaxed publicity, tion once a year, against twice on

yesterday, hope it will spur more small companies to go public, while triggering a rationalisation among the different markets.

It is not the first time the country's important small and medium-sized businesses, described as the

listed securities markets - the come under the microscope. Many geregelter and the ungeregelter small family-owned companies, ofgeregelter and the ungeregelter small family-owned companies, residence and the ungeregelter small family-owned companies, residence and the ungeregelter small family-owned companies, and who was a contrast, the new geregelter as their founding fathers retire or Markt has been drawn up under die. A large number would also like the aegis of a national law, similar more capital to expand. to that which already applies to the "amtliche Handel" - the existing se companies and their commercial

nior market in equities.

changes, some might be forgiven capital and listing requirements for asking whether the country which the Government - and Mr Rüdiger von Rosen But supporters of the geregelter chairman of the fledging Association of German Stock Exchanges – in stocks and bonds, which its debut hope will really encourage more

sized businesses, described as the West Germany's two existing un-backbone of the economy, have

banks have long been an important The legal framework for the new way of German business life. But comer, which formed one part of a there is a widespread feeling that package of government-inspired in- the share of "own capital" in comnovations to improve the flexibility panies should rise. As matters of West Germany capital markets, stand, only a fraction of the coun-passed into law at the end of last try's 2,200-odd suitable limited companies are quoted publicly.

the amtliche Handel.

Companies will also need only a minimum DM 500,000 (\$278,000) in own capital, compared with DM 2.5m for the senior market. Though no formal ruling has been made, a company will probably only need to have been in the form of an Aktiengesellschaft - a limited company with its capital in equity form - for about a year to obtain a listing, against three years on the main

pleased that it has only taken a couple of months to "create a new stock exchange order" for the new market, which will apply identically on all eight bourses. We have worked extremely hard to get this through,"

partly a sop to regional interests at a time when West Germany's big new market will strengthen smaller banks, which play a crucial role in bourses by encouraging regional



Mr Rüdiger von Rosen

where over 50 per cent of West German equity trading takes place. The geregelter Markt, will not add to the centralising forces admittedly But he demes the newcomer is pulling Frankfurt's way," he insists. In fact, Mr von Rosen claims the

BBS Krafifahrzeugtechnik, a Black
Forest manufacturer of sports
wheels for cars, were due to be listed in Frankfurt yesterday. A further two, Adolf Ahlers, a Westphalion clething group, and banks, notanty Deutsche Bank. According to the new rules for the
geregelter Mark, not just a credit
institution, but any organisation
deemed suitable, may lead a flotation.

of companies choosing the new tations. market, may also encourage more It will be up to each individual

to the gradual disappearance of the in West German manner win date existing, less tightly controlled to be very patient. The hig banks of the countries, according to Mr von registration committees, but few observers expect any sudden changes nies listed on it have already decided to take advantage of a free test. transfer period until next April to

Improved legal standing and bet. The new market has been description of the concentrate more on Frankfurt, but many may still prefer to list in ing order in the new issues business.

Frankfurt. Two companies, Carl ness. Company flotations in West Schenck, the Darmstadt-based electronics and machinery group, and banks, notably Deutsche Bank. Action of the Carl of the

ian clothing group, and Hornblow-er, Fischer, the stockhroker, are open the door for less conventional Some observers think this will er, Fischer, the stockbroker, are open the door for less conventional waiting in the wings.

Changes in the law, which will all the capital groups, or even West low big institutional investors like insurance companies to buy shares surance companies to lead new flo

to go public. As matters stand, in- bourse Zulassungsausschuß-resurance companies cannot buy gistration committee - to decide shares in groups which do not have what sort of institution is accept able to manage a new issue, How an official listing.

The new market should also lead ever, anyone expecting a revolution to the gradual disappearance of the in West German finance will have

Moreover, cautious companies about to go public may still feel saf-Yet probably the most interesting er in the hands of Deutsche Bank aspect of the geregelter Markt is or the leading regional house, than whether it will shake up the exist in the less experienced arms of a

-EUROPE

Frankfurt slips on weakened dollar

the return of British investors after their long May Day weekend.

Frankfurt edged lower as the dol-lar was eroded slightly and hopes faded that the Bundesbank would cut interest rates soon. The midsession calculation of the Commerz bank index showed a drop of 9.1 to

Financials were mixed with Deutsche Bank up 50 pfg to DM 642.50, Dresdner unchanged at DM 338.50 and insurer Allianz down DM 6 at DM 1,725.

Cars were also mixed with VW up DM 1 to DM 345.50 despite a dull earnings forecast while Daimler, down sharply in early trading, fin-ished DM 2.50 off at DM 989 as the dollar held at about DM 1.7750 in

Chemicals, also dollar-sensitive, saw Bayer pick up 60 pfg to DM 303.10 and Shering jump DM 4.50 to DM 597.50.

ened by a report from the West Ger-man Machinery Makers Associa-tion that revealed industry orders down 9 per cent in their first quar-

stricted due to the Tokyo and London closure. Isolated gains of 10 basis points were offset by sporadic falls of 10 basis points. Speculation that the Bundesbank could still follow Japan with an interest rate cut kept many investors on the side-

SUBDUED post-holiday trading cing operation amounted to sales of dominated the European bourses DM 29.4m compared with sales of yesterday as most centres turned cautiously lower and many investors kept to the sidelines pending was unchanged at 5.39 per cent. Amsterdam was devoid of excitement as most operators waited for

MARKETS were closed in London and Tokyo because of a holi-

bourses from their holidays. Domestic concern over the guilder/dollar exchange rate persisted and Royal Dutch dipped Fl 1.19 to

FI 241.40 and Unilever dropped FI Fokker closed Fi 3 down to FI 49 in sharp reaction to the aerospace group's forecast that 1987 profits will be curtailed due to high devel-

Brussels was inhibited by the slow pace of trading and the two-week account. Market bellwether Petrofina re-

treated BFr 50 to BFr 10,525 and ading chemical group UCB shed BFr 100 to BFr 9,600. Zurich was steadied by a batch of

good corporate results and bargain Holderbank added SFr 25 to SFr

4,500 after some profit-taking Milan finished mixed in moder ate trading Stockholm was pulled back from

last week's peaks by profit-takers.
Paris was unsettled by weakness in the dollar and concern over a rise in domestic inflation for April. Madrid turned sharply lower following the surge in local interest

8.47

-0.03 -0.03

Pressure grows against NTT ban

FOREIGN INSTITUTIONAL and quishment of their shareholders' individual investors are renewing calls for an end to the ban on their ownership of Nippon Telegraph and Telephone (NTT) shares with the second public sale of the shares scheduled for this autumn, writes

Shigeo Nishiwaki of Jiji Press. Shares in the privatised NTT were sold to the public at the per-share price of Yi.197m (\$8,550) and listed on the first section of the To-Posts and Telecommunications kyo Stock Exchange in February

The NTT share has hit a high of Y3.18m and is now trading in the range of Y2.9m to Y3m. Its market capitalisation, at Y45,700bn, is equal to some 11 per cent of the total market value of Y418,000bn for the 1,080

issues listed on the first section.

When the first tranche of 1.95m funds specialising in Japanese stocks and foreign institutional investors dearly wished to be among

the buyers. But Article 4 of the NTT com law prohibits "foreigners and corporations of which a majority of the equity is held by foreigners" from

oming shareholders. Some foreigners are secretly trading NTT shares to earn capital gains, as ownership is not known to the issuing company if the owner fails to register his name in the stock ledger of the corporation. NTT shares traded in this way are estimated to be anywhere betw several thousand and several milli-

The Posts and Telecommunications Ministry, which supervises NTT, turns a blind eye to this activi-ty. But foreign institutional investors cannot engage in covert trad- ally buy if the ban on foreign

rights representing their owner-

Hopes are now pinned on the pos-sibility that the authorities will allow foreign ownership of NTT share by the time the second tranche of 1,95m shares is sold this autumn.

The Posts Ministry recently began reviewing Article 4 of the NTT company law, leading foreigners to

anticipate a lifting of the ban starting with the second public sale of NTT shares. In fact, the Ministry has denied the review was aimed at clearing When the first tranche of 1.95m the way for foreign ownership. It shares in NTT was sold, foreign said it was considering at the Fi-

> eign securities houses would be per missible without alteration to the The Finance Ministry has already decided to have the whole of 1,95m shares to be sold this autumn underwritten by securities firms. It now appears likely that foreign sec-

syndicate of underwriters. In the view of a senior executive at a major securities house, foreign ownership of 10 to 20 per cent in a Japanese group would not affect the national

urities houses will participate in the

But given the issue's high price-earnings ratio of 247, he pointed out, it is questionable how many NTT shares foreigners would actu-

MINING and oil shares in Sydney rose on international concern about a possible rise in inflation. The All Ordinaries closed stronger at 1,765.4, up 12.6 on Friday.

BHP touched an early A\$9.24, but fell back to end 14 cents up at AS9.18 on renewed speculation of a cents

Oil and gas producer Hartogen Energy jumped AS1.35 to AS4.80 on an unconfirmed report that the company had made a substantial oil discovery. This helped the oil and gas index make the biggest gain on the day, adding 45.6 at 962.1.

Gold firmed as bullion prices

reached US\$450 an ounce in Asian

nance Ministry's request, whether underwriting of NIT shares by for-

BARGAIN hunting alternated with profit-taking in moderate Singa-pore trading which left the Straits Times industrial index 4.55 points higher, at 1,131.98. The All-Share

index eased 0.25 to 334.55. Malaysians were mixed, but glomerate, for HK\$748m.
Cerebos added 35 cents to \$\$5.75.
Their parent company Among blue chips Haw Par was up Kong, was in demand, rising 50 14 cents to \$\$4.34, Cold Storage cents to HK\$45.25.

ined 6 cents to SS3.96 and National Iron put on 10 cents to end at \$\$2.12. Most of the other blue chips finished virtually unchanged.

Selected speculative stocks and third liners continued to attract interest, with Lum Chang in the forefront trading about 5.6m units on a total market turnover of 36m. It moved ahead 5 cents to S\$1.29. Faber Merlin put on 5% cents to 75

EARLY weakness was overcome in

HONG KONG

sluggish Hong Kong trading. The Hang Seng index edged up 0.38 points to finish at 2,685.75, having dropped nearly 13 points in the first hour of trading, while the Hong Kong index gained 2.14 to 1,730.86. The suspension of trading in shares of Hutchison Whampoa and HK Electric was the major corporate news of the day. They last traded at HK\$51.50 and HK\$13.30 respectively. Analysts said the sus pension was requested after Union Faith, a jointly held unit of the two

stake in Pearson PLC, the UK con-Their parent company, Cheung

companies, sold its 4,99 per cent

SOUTHAFRICA

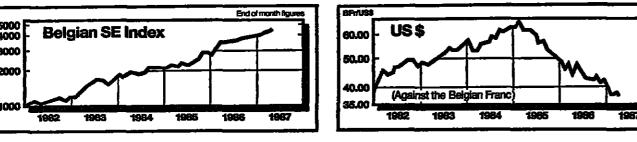
GOLDS closed easier in Johannesburg, despite a rise in the bullion Reefs lost R9 at R420 and Cons price on world markets, as a further Modder shed 50 cents at R14. In increase in the financial rand, intro- mining financials, platinums and duced by the Government as part of diamonds, Anglo American and a package of exchange controls, Rustenburg both fell 75 cents to pushed prices down.

R77.25 and R51.25 respectively

Among the few movers Vaal

KEY MARKET MONITORS

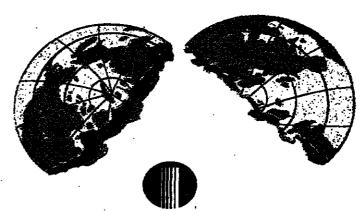




STOCK I	RARKE	T IMDIC	ES	WEST GERMAN	Y		CURRENCIES (London)				US BONDS				
DJ Industrials DJ Transport DJ Villytes S&P Comp.		2 2,280.40 2 916.40 9 202.10	181.41	FAZ-Aktien Commerzbank HONG KONG	586.61 1,776.1 Hang Seng 2,685.75 2,685	e 709.88 c 2,138.4 .37 1,843.14	S DNI Yea	May 4	1.7795 140.40	May 4 closed closed closed	2.975 234.5	7% 1989 7 1994	Price 99%s 93	y 4 Yield 7.607 8.344	Price 99*%: 94*%:
LONDON FT Ord SE 100 A All-share A 500	(c) (c)	1,626.9 2,068 5 1,032.48 1,151.10		HETHERLANDS Gen	766.40 ANP CBS 277.6 28	e 775.88 0.6 265.8 0.0 253.9	FFr SFr FI Lira BFr CS	closed closed closed closed closed	5.95 1.4600 2.0115 1,274 37.05 1.3375	closed closed closed closed closed closed	9,9325 2,4375 3,3575 2,126 61,85 2,2345	7% 1996 7% 2016 Source: I	91 ²⁵ s 87 ² 5s Harris Trus ry Index	8.50 8.70 at Saving	93**±e
Gold mines A Long git World Act, ind (April 29)	(c) (c) (c) 129.43	444 4 8.90	250.9 8.89	NORWAY Calo	418.45 traits Times	c 339.83	(3-mon	in offered r		Asy 4 n/a	Prev 9%	Maturity (years) 1-30	May Return Index 163.17	Day's change +0.23	Yield 8.93
TOKYO Niidkel Tokyo SE	(c) (c)	23,690.8 2,114.92	15,868.4 1,252.72	SOUTH AFRICA Golds Industrials	1,131.96 JSE — 2,186 — 3,835		(offere	i ir idon inter		n/s n/a n/a ing closed	31% 31% 8%	1-10 1- 3 3- 5 15-30 Source: A	154.63 144.03 157.57 193.58 Merrill Lyn	+0.12 +0.07 +0.17 +0.59	6.66 6.37 6.71 7.78
AUSTRALIA Ali Ord. Metals & Mins.	1,765.4 1,173.4	1,759.3 1,160.9	1.224.7 518.4	SPAIN Medici :	219.43	c 184.51	6-1 US Fee US 2-1	nonth USS nonth USS I Funds nonth CDs nonth T-bi	. 6	closed 5'%' 3.75°	7% 6% 6.65 5.565	Corpor	Me		 F
AUSTRIA Credit Aktien	194,49	(c)	266.30	SWITZERLAND	2,745.20 Swiss Bank in	_		FINANC				AT&T3	Price % July 19 92.38	90 6.60	Price 93.29
Belgian se	4,606.22	! (c)	3,585,31	COMMO	588.9 DITIES (Lond	c 596.8 don)		GO Castery Bo ds of 100%		ŋ			outh Ce 104.00 Sel 8 Apr	9.96	% Jan 19 104.25
CANADA Toronto Met.& Mins. Composite Mentreel Portfolio	3,716.81	2,699.5 3,716.7	2.121.0 3.078.0 1.573.78	Säver (spot) Copper (cash) Coffee (May) Oil (Brent)	May 4 c c c c	Prity 476.00p £882.50 £1,302.00 \$18.80	Sim po June Certifi Sim po	Letest 90-24 secury 86 sints of 100 93.72 cetse of 1 sints of 100	7% 93.82 Deposit (7%		93.80	TRW 8%	92.52 March 19 97 March 2 101.125	9.25 996 9.25 016 9.76	93.09 97.89 92.825
DENMARK SE	199.40		241.35	London Zürich Paris (fixing)	May 4 closed \$457.75 \$454.93	\$451.75 \$454.00 \$449.95	Sim po June	emonth Ex sints of 100 92.56)% 92.61	n/a 92.52		Citicorp	94.0 94.0 94. Marc 93.66	8.69 h 2016 10.05	2018 85.50 95.45
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Although the principality of Monaco remains a shelter for wealthy tax exiles, it has also become a venue for

business conventions and a modern tourist industry. Paul Betts, who wrote this survey, says that Monaco could emerge eventually as an important offshore banking and financial centre.

Developing a new image

FOR A COUNTRY barely the size of New York's Central Park, the principality of Monaco has gained a worldwide fame out of all proportion to its one square mile of land and its population acteristics which have turned it into acceristics which have turned it into acceristics which have turned it into acceristics which have turned it into acceristics.

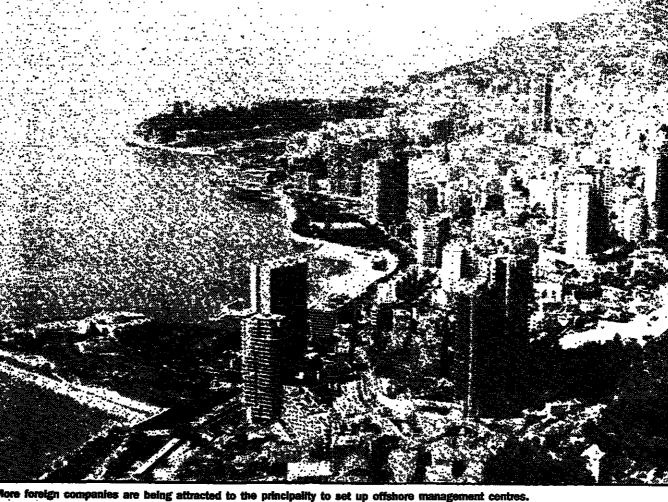
hardly surprising. The irresisti-ble combination of its fairy tale of the Mediterranean. A closer setting in one of the most pic-turesque corners of the Riviera, a sovereign prince with 12th century family traditions and the glamour of a Hollywood movie star, an heir who is one of the world's most eligible bache-lors, with two beautiful sisters featuring virtually every week on the cover of one glossy maga-zine or another, a legendary casino and luxury hotels which have hosted grand dukes and shipping tycoons, a tax climate to match its Mediterranean sun-shine-all have contributed shine—all have contributed, with the help of modern com-munications, to putting this tiny country on the world centre

of only 28,000 inhabitants.

That this postage stamp sovereign state should attract so much interest and attention is small homogeneous unit, an look, however, reveals that it is made up a variety of different elements, some contradictory, yet all seeming to live with each other in relative harmony.

The modern high rise buildings which dominate the Monte Carlo skyline, and attest to the building boom of the past

20 years, sit next to the palm court architecture of the casino and the old hotels, giving the principality the trappings of a mini Manhattan. The patrons of the luxury hotels now live alongside thousands of day trippers who spill out of coaches every day to play the slots and visit the principality's sights. The old casino has also had to



Monaco

become the home for a growing number of trading and service businesses and small industries. Foreign companies have been attracted to the principality to set up offshore manage-ment and administration centres, while the major international banks have queued up to open branches in the tiny

All this activity has brought into Monaco a new and growing population of younger business managers and cadres. At the headache. "The prince and the managers and cadres. At the same time, the number of busicountry on the world centre stage.

Yet, although it is tempting to look upon the principality in terms of a standard set of colourful clichés, the past 30 years have seen the transformation of the country that the principality's sights.

Although Monaco still remains a shelter for wealthy have seen the transformation of the world centre visit the principality's sights. The old casino has also had to adapt itself to modern American games.

Although Monaco still remains a shelter for wealthy have seen the transformation of the country with some convention and congress recognised that a country with some convention and congress recognised that a country with some convention and congress recognised that a country with some convention and congress recognised that a country with some convention and congress recognised that a country with some convention and congress recognised that a country with some convention and congress recognised that a country with some convention and congress recognised that a country with some convention and congress recognised that a country with stage.

Although Monaco still remains a shelter for wealthy have seen the transformation of foreign tax exiles, it has also recognised that a country with visitors has been steadily increasing, as Monaco has the green tables of the casino, downwell with the public at large, explains one of Prince recognised that a country with visitors has been steadily increasing, as Monaco has the green tables of the green tables of

and no unemployment few would dispute that Monaco is a would dispute that Monaco is a been anxious to preserve its well managed and efficient political and economic indelittle country. Prince Rainier III, who succeeded his grandfather in 1949, and, during the past 38 years the architect of his country's evolution, has often been compared to the head of a flourishing business enterprise, Monaco Inc.

The size and fame of Monaco has also posed for the principality a big public relations where the problem for many years and has made great efforts.

Monagasque authorities have recognised that a country with

been anxious to preserve its

years and has made great efforts to change the image of Monaco. "I would like to be remembered as the person who corrected and got rid of the bad image and bad legend of Monaco," he recently said in an interview with the Financial Times.

The first image he wanted to rid Monaco of, he explained,

At the same time, Monaço has was that the casino was the main source of activity and that it was from the casino earnings that everything came and was done. That impression has now, indeed, vanished. Although the casino remains a

major attraction, gambling now accounts for less than 4 per cent of Monaco's annual state income, compared with 95 per cent at the end of the last century. Instead, the biggest contri-butor to the state budget today is value added tax receipts which account for as much as 55 per cent of annual state revenues.

CONTENTS

Société de Bains de Mer (SBM): optimism in the long-term

Banking and finance: world links strengthened

under way Taxation: a 'fiscal paradise forforeigners'

Tourism: adapting to today's needs

Industrial enterprises flourish 4 Public works: major project

The new Metropole complex

and control over Radio Monte Carlo, the spark which fired the dispute was French hostility to

Monaco and not paying any foreign currency movement income-tax," said Mr Jean Charles Rey, the president of going into the French monetary circuit, making the principality an important source of invisible negotiators of the subsequent fiscal convention between Paris and the principality.

above) and other duties, it tries. remains, for non-French Under President Mitterrand, nationals, at least, a tax haven. Monaco has also finally gained "But the last thing we want to official recognition of its do is to go round shouting about territorial waters. Although the it," remarked a local resident, principality does not need And so Monaco now plays down territorial waters as such, the its tax haven image preferring French decision is psycholo-to describe itself as "a tax-effigically important because it reccent centre."

But its fiscal advantages, as

France has not made as good use of Monaco as it might have. According to the former chair-man of France's second largest commercial bank, Monaco could The second image that Monaco has sought to eliminate is that of a fiscal paradise. Indeed, it was this reputation which in 1962 provoked the only be a flexible vehicle for France for large capital movements Monaco already acts as a locomotive for the whole

serious post war clash between even though it is surrounded by the principality and the French a so-called red-belt of Comgovernment. Although there munist run local communities. had been a build up of irritation "Its a natural reaction but "Its a natural reaction, but local relations between the between Monaco and Paris over local relations between the the bankruptcy of a local bank various communities are generally good," remarked a Mona-gasque resident. Moreover, the internationalisation of Monaco Monaco's fiscal system. in recent years has also been "The French authorities good for France, sys Mr Rey, were after the French living in since all the economic and

fiscal convention between Paris and the principality.

Under the tax convention, all French nationals residing in Monaco after 1957 had to pay French income-tax. But Monaco citizens and foreign non-French income-tax and foreign non-French income-tax. But Monaco citizens and foreign non-French income-tax. But Monaco is not a chorus girl which needs to be kept by France. It is a country which needs to be kept by French income-tax and to provide a high value added contribution, says Mr Rey.

residents have continued to coise Mitterrand came to power, benefit from the absence of relations with France bave income tax as well as other been better than ever. Mr Mitlevies, such as capital gains tax terrand, who represented and corporate tax (providing not more than 25 per cent of a company's turnover is done outside Monaco).

Although Monaco does law principality there years one and Monacol.

Although Monaco does levy principality three years ago and indirect taxes, corporate taxes, emphasised the friendly and (in the circumstances outlined close ties between the two coun-

ognises Monaco's independence

tes, as as a sovereign state.
e and During President Mitterhave rand's visit, there was some diswell as its sunny climate and other facilities, have undoubtedly played a major role in attracting wealthy foreign residents. Today there is no longer a majority of possible revision of the bilate-French nationals in Monaco. ral tax treaties. But at this stage From about 55 per cent of the it seems highly unlikely, and population 20 years ago, the politically improbable, that French contingent now France will consider a change accounts for only about 45 per in the tax convention to enable cent of its inhabitants. This more favourable treatment for could pose in the longer term a French longer term residents of political problem for Paris, suggests Mr Jean Deflassieux, the dual elimination of French French longer term residents of former chairman of Credit foreign exchange controls.

Lyonnais who has close family ties with the principality.

Mr Deflassieux also believes offshore banking and financial

> For the immediate future, Prince Rainier appears to be banking on continuing with his policy of strengthening and diversifying the principality's tourist sector at the same time as diversifying the Monagasque

Continued on page 5

THE RIGHT GATES TO MONACO

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Casino, leisure and property interests give one company a dominant role in Monaco's life

Optimism over long term interests

famous casino and opera, the to survive."

luxury Hotel de Paris and the On the plateau des Spelugues

modern tourism development, that launched Monte Carlo on themselves to the radical the international map. Before changes in the general econo-

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THE PRINCIPALITY of Monaco has often been described as a "state within a company." Not surprisingly since the tiny country owes much of its prosperity and development during the past 100 years to the Société des Bains de Mer et Cercle des Etrangers à Monaco or the SBM for short.

This ubiquitous establishment 69 per cent controlled by the state of Monaco, the shares of which are quoted on the Paris bourse, owns a large and valuations of which are quoted on the paris bourse, owns a large and valuations of the principality's precious territory. It owns the famous casino and opera, the

luxury Hotel de Paris and the Hotel Hermitage, the casino gardens and the Cafe de Paris, the winter and summer sporting the winter and summer sporting clubs, the Monte Carlo Beach, the tennis club and the golf towering above the little country with breathtaking views of the Mediterranean. It also runs a host of other facilities like night clubs, restaurants, and a new conference centre.

It was after all this company, and its original founder Francois Blanc, a 19th century genius of the luxury leisure trade and an early pioneer of modern tourism development, and the SBM have had to adapt

The biggest change is perhaps reflected in the evolution of gambling from European games like Roulette, Trente et Quarante and Baccara to Amer-ican games like Black Jack, Craps and American Roulette,

Craps and American Roulette, as well as electronic slot machines. The figures tell the story eloquently enough. While the Monte Carlo casino was once the main profit centre of the SEM, today it loses money. The casino lost FFr 30.7m in the 1985-86 fiscal year, after losing FFr 12m the year before.

Meanwhile, the American games have kept growing. The casino at the modern Loews hotel, jointly controlled by the SBM and the American hotel chain, has seen its profits rise in recent years. A large dark noisy glittering room modelled on the casinos of Las Vegas, the Loews casino contributed FFr 44.6m in profits to the SBM last year more than offsetting the losses from the traditional casino. from the traditional casino. Moreover, the old casino has also been forced to adapt itself to modern American games. But the American games and the slot machines which have invaded the casino's marvellously ornate "soup kitchen" sit unhappily in Monaco's most famous establishment.

As for the casino's clientele, it is the Italians who are today by far the biggest customers accounting for as much as 60 per cent of the gamblers sitting around the green cloth of the Monte Carlo tables.

At the same time as the old cesing started to lose money.

casino started to lose money, the SBM launched a major effort to make the group's hotels, traditional loss makers, into money earners. The renova-tion programme of the SBM hotels was started over 10 years ago and has been accelerated since Mr Andre Saint-Mleux, a French career diplomat who was for nine years the Secretary of State of the principality, took over as chief executive of the SBM. Mr Saint-Meux says that FFr 200m has already been spent in the renovation programme involving, among other investments, the refurburishing of the Hotel de Paris and the Hotel Hermitage to accommodate a new, younger, business clientele as well as its traditio-nal guests. The hotels have been adapted to the demands of mod-ern business executives and participants to the thriving new congress business in Monaco without losing their old world

The revamping of the SBM has enabled the group's hotels to operate profitably for the first time in their history in 1984-85 time in their history in 1984-85 Hotel de Paris, the so-called when they reported a profit of Beaux Arts wing, the group is company although Mr Saint-FFr 2.6m. The following year pursuing its ambitious investment the profits rose to FFr 7.9m although the story will be different this year. The SBM hotels like other luxury hotels on the Rivlera, and in France in general, have suffered from the tors. From his window in his stalled activities have been

MEDITERRANEAN Monaco, located on one of the picturesque parts of the Riviera, is a tiny sovereign state of only 28,000 people yet with the help of modern comm



who will be 64 this grandfather in 1949 and, in the past 38 years, has become erchitect of his affluent country's evoluti m. He has often been compared to the head of a flourishing business enter



chief executive; and, right, the circuit of the Monaco Grand Prix winds through the ous Castrio Square,

season as a result of the declin- club, Mr Saint-Meux has a per-ing dollar, the terrorist attacks fect view of the massive demoliin Europe and a domestic cam- tion and reconstruction work paign in the US to encourage going on in the casino gardens.

Americans to go to US or dollar and the casino gardens.

The Cafe de Paris is being demolished for the fourth time

of Americans coming here will will again act as one of the most have a substantial impact on popular watering holes of our business," acknowledges Mr Monte Carlo opposite the Hotel Saint-Mleux. He estimates that de Paris and next to the casino. saint-Mieux. He estimates that the Paris and next to the casino. it will represent a 10 per cent. It will also house a drug store drop in the occupation rate of and the electronic slot the SBM hotels. This had steadinachines and American games by risen from about 50 per cent. now in the casino to liberate the 20 years ago to an average of 65-wenerable building from these 67 per cent in recent years. The modern games and return it to or per cent in recent years. The modern games and return it to occupation rate for the latest its former more composed tradiseason is expected to fall back its former more composed traditions of 19th century high societo the 54-55 per cent level. In the financial impact on the financial princes left with the means to performance of the SBM this come to Monte Carlo, the SBM year. After reporting not are come to Monte Carlo, the SBM year. performance of the SBM this come to Monte Carlo, the SBM year. After reporting net earnings of FFr 19.8m on sales of casino become again a historical gambling and cultural pole year. Mr Saint-Mieux expects for Monte Carlo.

"The slot machines never fitted in the casino. The place is a historical building and that is what it should be regarded as,"

refurbishing of one wing of the marked once at a party. He is Hotel de Paris, the so-called still honorary chairman of the

slump in American tourists last offices in the winter sporting zone tourist resorts.

"The decline in the number in its history. Once rebuilt it

But the company remains what it should be regarded as," optimistic about its longer term Prince Louis de Polignac, a prospects Indeed, although the cousin of Prince Rainier who SBM has decided to delay the ran the SBM until 1982 re-

considerably boosted while to make a significant if not artistic events as well as business congresses and special international marketing of the festivals have also helped provide added attractions around major direct and indirect em-

in American visitors. Even though gambling may no longer represent a major part of Mona-co's annual revenues, it remains a key attraction.

Moreover, the SBM continues

festivals have also helped provide added attractions around the casino. This spring a splendid exhibition of sculptures has been organised in the gardens of the casino, and certain landmarks of the principality response to the casino, and certain landmarks of the principality response to the casino, and certain landmarks of the principality response to the casino, and certain landmarks of the principality response to the casino, and certain landmarks of the principality response to the casino, and certain landmarks of the principality response to the casino, and certain landmarks of the principality response to the casino, and certain landmarks of the principality as well as being a centre has always been crucial. This appears to be one of the main reason why the SBM has recently decided to take legal action against the newly formed to the principality as well as being a centre has always been crucial. This appears to be one of the main reason why the SBM has recently decided to take legal action against the newly formed to the principality as well as being a centre has always been crucial. of the casino, and certain landmarks of the principality, reflecting the SBM's and Monegasque authorities' efforts to diversify attractions for visitors and residents.

The gardens in front of the casino itself are also in the throes of major renovation. The SBM has recently sold for a symbolic franc the ground under the gardens to the Monegasque family has been to the Monegasque of the same of the casino in the thotels used to as well.

"Every Monegasque family has the "casino war" of Nice which is now building a an old Monegasque.

"Every Monegasque family has closed in 1982 by the French authorities after a major scansaler.

the construction of a new hotel on the man-made peninsula on which stands the summer sporting club.

The fact that the Monegasque authorities have just renewed for another 20 years the SBM's aemed a rational decision sambling monopoly is an eloquent demonstration of the principality's confidence in the central role which the company will continue to play for both Monaco's economy and the international image and reputation despite its seasonal problem last year due to the decline in American visitors. Even will no longer control as in the past other popular gambling rambing and other betting games. These more so on account of the shady will now be directly run by the state. Mr Saint-Mleux said this seemed a rational decision since in France and many other countries lotteries, horse betting and the pools are all usual-deliberate attempt to try to take advantage of our good name. Indeed, I've received several telephone calls of people asking me if we were in any way connected with the past other popular gambling more confused with the materials and other betting games. These more so on account of the Nice casino scene. "We clearly object to their use of the Societe des Bains de Mer reference in what appears to be a deliberate attempt to try to take advantage of our good name. Indeed, I've received several telephone calls of people asking me if we were in any way connected with the past other popular gambling monopoly in Nice, all the past other popular gambling more so on account of the Nice casino scene.

These will now be directly run by the state. Mr Saint-Mleux said this seemed a rational decision of the Societe des Bains de Mer reference in what appears to be a deliberate attempt to try to take advantage of our good name. Indeed, I've received several telephone calls of people asking me if we were in any way connected with the past other popular gambling monopoly is an eloquent demonstration of the Societe des Bains de Mer reference in what appears to be a deliberate attempt to try to take advantage of our go

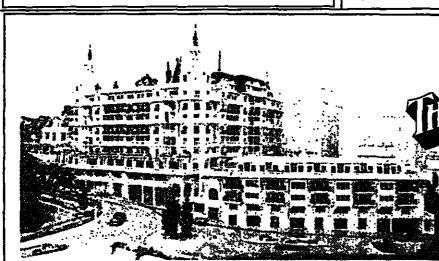
of its untamed reputation as a clean and high class gambling

state which is now building a an old Monegasque.

Although it has had its casino unsavoury incidents worthy of a SBM has other plans including monopoly renewed, the SBM "B" movie crime picture. The the construction of a new hotel will no longer control as in the SBM clearly has objected to the

At the same time, the Monegasque authorities will set up
for the first time a gambling
commission in Monaco to regulate the gaming business. In
the past, the SBM was itself responsible for its own self-regulation. Again, Mr Saint-Mleux
believes this was a logical step
since other countries have commissions to regulate gaming as
well as many other activities.

any way connected with the
Nice casino," remarked Mr
Saint-Mleux But the SBM chief
executive also adds that he has
no objection to fair competition
between rival casino and tourist
resorts on the Riviera. Indeed,
he suggests such competition
can only enhance the SBM's
overall performance, the gambling receipts of which still
makes it the leader among European casinos.



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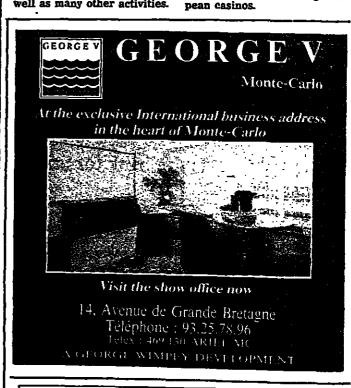
The rotunda of the luxurious Hotel de Paris, built in the late 19th tury in the 'belle epoque' style to the design of the famous hitect, Charles Gamler. The hotel is managed by the Société des Bains de Mer (SBM) which also owns the Casino and Opera as well as many other k sisure, sporting and conference facilities

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Financial services

World banking links are strengthened

FOR A COUNTRY with only 27,000 inhabitants, there are an offshore banking and financial unusually large number of banks in Monaco. With the recent opening of the new Monaco branch of Credit Suisse, there are now 34 different banking that the big institutions in the principality including virtually all the big international names in the world of commercial and investment banking.

The total amount of deposits

size of the principality. Deposits ly unlikely that Monaco will last year totalled as much as ever develop into a bourse centre? 25hn (\$4.1bn) compared tre. But it could play a bigger with barely FFr 32bn for the en-tire neighbouring French re-gion of the Alpes Maritimes which includes large cities and resorts like Nice and Cannes. Another telling statistic of the Monegasque banking scene is the fact that total credits made

the fact that lotal credits made by the local banks amounted last year to under FFT-5bu.

"We are a big deposit centre here attracting a major amount of foreign deposits. Apart from some real estate, construction and a little lending to industry, there is not that much lending activity here," explained a local hanker.

banker.

But if the Monegasque banking and financial services industry has grown steadily over the years, the principality has so far not become a major offshore banking centre as have done other small countries offering a favourable tax climate. This is largely because the principality comes under the jurisdiction of the Banque de France and French exchange controls.

de France and French exchange controls.

The Monegasque authorities have long argued the case of promoting Monaco as an offshore banking centre. "But we could only do it if it was also in the interest of the French Government, which I think it would be," explained Prince Rainier.

we could only do it if it was also in the interest of the French Government, which I think it would be," explained Prince Rainier.

Mr Jean Deflassieux, the former chairman of Credit Lyonnais, France's second largest commercial bank, and a man with close family connections with the principality. Says France has made bad use up to now of the principality.

He argues that Paris could have used Monaco like the British to deed, Monaco has become for prance to have a flexible vehicle like the principality to manage large capital flows not far the Monaco banking scene is West Germany. Although a second biggest is well as a second biggest is well as a second biggest is well as a second biggest is a seco

cle like the principality to manage large capital flows not far away from Paris.

Moreover, Monaco has always made sure to maintain a clean reputation as a banking centre. There are no illegal operations here and no dirty money, said a foreign banker. "We do not touch any suspect money here although we are close to the Italian border and to Nice and Marseilles," remarked another banker.

ment banking.

The total amount of deposits which filter their way into the Monegasque banks is also remarkable in proportion to the size of the principality. Deposits by unlikely that Monaco centre is bound to be limited, they are of the principality. Deposits by unlikely that Monaco centre is a control of the size of the principality. role in foreign currency deal-

ings.
Indeed, when President Francis Mitterrand came on an official visit to the principality three years ago, bankers had suggested the possibility of making Monaco into a Europara central expecially since franc centre especially since the French authorities had de-

the French authorities had de-cided to reopen the Eurofranc bond market.

But until foreign exchange controls are completely drop-ped in France, there is little chance to see the principality develop in the shorter term into a major offshore banking cena major onshore banking cen-tre. In contrast, however, the principality is already develop-ing into an important business meeting centre for bankers, brokers and clients. With its cli-mate and facilities, it is likely to mate and facilities, it is likely to continue growing as an international meeting place for bankers and businessmen as well as providing the local banks with a flourishing deposit and portfolio management activity for wealthy individuals. "All the big banks feel it is useful to be here," explained a local banker. Indeed, all the big French banks, US banks like Chase Manhattan and Citicorp, Swiss banks and Italian banks are all present.

here although we are close to the Italian border and to Nice and Marseilles." remarked another banker.

As well as having a good reputation. Monaco has also managed to attract substantial foreign funds and hence becamings for France thanks to its fiscal system. "This is an offshore tax efficient centre," said a local banker.

"Unlike some other offshore centres, you can also live with your money here in great security and comfort provided you are prepared to live one on top of the other in a flat on account of the space limits of Monaco."

In the circumstances, bankers and fund managers see potential for Monaco to develop in the companies and banker.

Manaco was keen to ensure competition in its local banking companies in Monaco before granting the monaco before granting the German bank also reflects the Close vetting procedures of the Monegasque authorities before allowing companies and businesses to set up operations in the principality.

Although a considerable number of banks have already opened branches or subsidiaries in Monaco, bankers sidiaries in Monaco, bankers in Monaco, bankers servers more applications on the stocks. "Everybody seems to be here, especially to position them after 1992," remarked an international banker.

Tax haven policies

'A fiscal paradise for foreigners'

THE LONDON stockbrokers, Phillips and Drew, threw a small party the other day in a suite of the Hotel de Paris for local bankers and foreign resi-dents whom fund managers like to describe these days as "high net worth private individuals." One of the guests, a long-stan-ding British tax exile said that such cocktail parties were becoming a regular fixture in Monte Carlo as bankers, fund managers and brokers in-creasingly compete to provide services to rich individuals and companies established in the principality.

Although Monaco is rather

cov about its reputation as a tax haven, the British tax exile re-marked with a chuckle clutch-ing his glass of champagne: "Who do they think they are

For years Monaco has attracted wealthy foreigners and businesses because of its favourable tax climate as well as its sunshine, its blue Mediterranean sea, and its numerous other natural assets.
"Whatever they may like to say,
this is a fiscal paradise for
foreigners."

"Anyone who is not French

munication equipment you can run a worldwide business empire from a sunny balcony in Monte Carlo," he added. But the Monegasques prefer to regard themselves as a "tax efficient centre" rather than a tax haven

Taxes in Monaco were abolished by an ordnance in 1869 three years after the birth of Monte Carlo. But after Prince Rainer's dispute with France in the early 1960s, a tax convention was signed by France and Mona-co on May 18 1963 which introduced French income tax for all French nationals resident in Monaco after October 13 1957. Moreover, the convention instituted a tax on the profits of certain industrial and commer-

agreement with the French Government continues to exempt Monaco citizens and non French foreign residents from income tax. At the same time companies whose turnover outside the principality does not exceed 25 per cent of their total turnover are also exempt from companies tax. The current corporation tax. The current ness centre as well as a tax rate of corporation tax is 35 per haven for wealthy foreign non cent on normally computed profits. There are also no capital coincidence that tennis stars like Hiera Person Pe

Monaco for at least five years on their assets held in the principality. Indeed, this is perhaps the last fiscal advantage left to French nationals residing in the principality since October 13 1957. Resident French nationals before that date continue to be exempt from French taxes and are treated cial enterprises.

However, the bilateral tax French taxes and are treated like other foreign residents of the principality.

Monaco's fiscal system has en-abled the principality to trans-form itself quietly and discreet-ly into a leading offshore busi-"Anyone who is not French can live here with a carte de séjour or residence card and he won't be paying any income tax," said another British businessman who has taken up residence in Monte Carlo. "What is more, this is a corporation tax. The current ness centre as well as a tax rate of corporation tax is 35 per haven for wealthy foreign non coincidence that tennis stars like Bjorn Borg or Boris Becker have decided to take up residence in Monte Carlo and that stamp duty and certain other

sophisticated and convenient miscalianeous taxes, another ish, Lebanese, to name just four national auditors and consulplace and with modern commajor attraction of the countries, so-called "high net tants, warns that not only is the munication equipment you can principality's fiscal regime is worth "individuals have made mailbox approach "anathema" major attraction of the principality's fiscal regime is the absence of estate or death duties between husband and wife and between parents and children. The maximum death duty paid by unrelated indi-viduals is 16 per cent, while between brothers and sisters it is 8 per cent, between uncles or

tities to manage and administer offshore companies. "Foreign shipping groups were among the per cent and between collate-rals other than brothers, sisters, first to use Monaco as a headquarters to manage and uncles, aunts, nephews and nieces it is 13 per cent administer foreign companies. Since then, however, numerous These (avourable rates are also applicable to French nationals who have resided in other industrial, commercial and trading groups have been attracted by Monaco to set up

> But if Monaco has encouraged foreign groups to set up manage-ment and administrative offshoots or headquarters in the principality, it has made it clear that it is opposed to the mail-box approach adopted by cer-

The principality insists on the tangible presence of its offshore corporate population. Indeed, it is keen to see business organisa-tions operating within its jurisdiction as long as they make a valid and real contribution to the principality's

the principality their base.

Among businessmen it was the Greek shipowners who were among the first to take advantage of the principality's tax system to set up Monaco based entitles the principality's tax system to set up Monaco based entitles the principality's tax system to set up Monaco based entitles the principality's tax system to set up Monaco based entitles the principality's tax system to set up Monaco based entitles the management as onshore the principality their base.

The Monegasque administration but that the fiscal authoration but the fis "where a pure facade situation

"where a pure facade situation exists."

Monaco's attitude towards offshore business management reflects the principality's concern not to provoke the French administration by what Paris could deem as possible abuses in their bilateral tax agreements at the same time as one what the same time as one where the international business community. This appears to be prompting an increasing number of foreign business community. This appears to be prompting an increasing number of foreign business community. This appears to be prompting an increasing number of foreign business community. This appears to be prompting an increasing number of foreign business community. This appears to be prompting an increasing number of foreign business community. This appears to be prompting an increasing number of foreign business concerns to look with growing international business community. This appears to be prompting an increasing number of foreign business concerns to look with growing international business community. This appears to be prompting an increasing number of foreign business concerns to look with growing international business community. ments, at the same time as en-suring. by the presence of foreign business and offshore management companies, a further stable base for the principality's longer term ecomanagement bases," remarked a Monaco foreign business con-

nomic development. After all, these companies make a significant contribution to employment in the principal-ity, as well as providing a round the year population of well paid management cadres and executain other tax havens.

> The fact that Monaco is fully integrated in the French monetary system and therefore comes under French exchange control regulations has acted as an in-evitable break to a more rapid

being reduced and eventually will be dismantled by the French authorities," said a local Monegasque businessman.

Aiready the deregulation changes that have been taking place in the French financial markets during the past few years have been welcomed by

markets and the easing of exchange controls, foreign com-panies and businessmen could find Monaco an increasingly attractive centre to set up a subsidiary or management base. Some are already investing here in what seems to be an effort to position themselves for the fu-ture," added another long-term Monaco businessman.

"But to be able to hook the big corporate fishes to Monaco, the authorities will have to con-sider providing in the principality the necessary international business management services and supports crucial for big corporations which are still lacking here. In particular, they will probably have to think of Mr David Tugman, president as an offshore business centre.

of the Monaco subsidiary of "Exchange controls are clearly Moore Stephens, the inter- a handicap but they are steadily groups," he added. Paul Betts

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Diversity in tourism

New policies are paying off

TOURISM REMAINS a dominant force in the economy of Monaco. Even though the principality has successfully diversified into new economic activities to avoid "putting all our eggs in the same basket" all our eggs in the same basket "all meant that all the equipate of the country's gross domestic product.

It is also likely to continue to be a locomotive for the future development of the country.

But tourism is also a fragile and fluctuating business, Prince Rainier acknowledged in a recent interview with the Financial Times, And Monaco has had to adapt itself to the changing whims of the tourist industry during the past 100 years.

Monaco savied to avoid "putting all our eggs in the same basket" "The old image was that Monaco has had to alout the rich and ide. But Monaco can all of a sudden had to wake up to be a locomotive for the future development of the country.

But tourism is also a fragile and fluctuating business, Prince Rainier acknowledged in a recent interview with the Financial Times, And Monaco has had to adapt itself to the changing whims of the tourist industry during the past 100 years.

Monaco sand on the principality as an intervational lineight.

But Monaco also had to adapt itself to a new breed of tourist.

"It meant that all the equipation to a sudden had to wake up to be fact that wealth and excession to the throne in 1949 shouth at wellth and excession to the throne in 1949 shouth at the rich and idea but wellth and excession to the throne in 1949 shouth at the rich and idea but Monaco and out of a new where of tourist, "The old image was that Monaco also had to adapt itself to a new breed of tourist time that itself to a new breed of tourist itself to a new breed of tourist.

The old image was that Monaco also had to adapt itself to a new breed of tourist itself to a new sea policy to a was a watering hole. But Monaco also had to adapt itself to a new breed of tourist itself to a new breed o

synomymous," explained a leading business consultant with a long experience of the Riviera and the principality.

"Suddenly there were a lot of exclusive people who did not have the money any longer to maintain their exclusive life style and a lot of other people who had come into money but were perhaps not all that exclusive the hotel occupancy level dursive. The question was whether Monaco was going to remain ex-

Beach club whose entrance fees once prompted a BBC journalist have enhanced the appeal of to suggest that you even had to pay for the air in Monte Carlo.

Coupled with the new mix in

But like other European reits tourists. Monaco was also forced to adapt to the main social changes which affected France and inevitably spilled over into the principality after the 1968 French student revolt. "All of a sudden the whole so-cial structure had to be re-vised," explained another

with a lot of bounced cheques or adapt to the change."

Inevitably, a far broader cross section of tourists started coming to Monaco. Day trippers and buses arrived in increasing numbers to play the slots in the casino or visit such popular attractions as the spectacular oceanographic Museum on the rock near the Palace or the Jardin Exotique, a remarkable hung garden with an extensive collection of cacti.

These tourists would cohabitate with the wealthier customers of the Hotel de Paris, the glittering galas. Monte Carlo Beach club whose entrance fees

ments, arts and music festivals, to name just a few annual events

ing the last summer season by cials and promoters. While stepped up their promotional the slump in American tourists efforts had been made in the coming to Europe as a result of past to develop an American Monagasque authorities see the tourist business, helped conand Chernobyl. The number of siderably by the presence of the American summer tourists was late Princess Grace, the between 75 per cent-80 per cent business, helped conand increasingly from far away resorts like the Caribbean.

Prince Rainier says he is very anxious about the competition from these distant resorts which had become felt since Americans.



But like other European resorts, Monaco was also hit during the last summer season by cials and promoters. While stepped up their promotional

The impact of this fall was all in France and the local unions here naturally wanted parity with Paris. But tourism was still essentially a seasonal business down here. But with minimum wages it was necessary to run the place on a 12 months basis to make it viable."

Monaco thus looked for ways to diversify not only its economy as a whole but also its core tourist business. The aim was to fill up the dead seasons after Christmas and the New Year in The impact of this fall was all efforts in adjoining European countries and new markets. At the same time, it also plans to encourage not only very high income visitors but middle income vi

same time to improve its overall facilities while reserving Monte Carlo's "Belle Epoque " charm. "The touch of the past which is a peculiarity of Monte Carlo must be emphasised and kept up." he explained

up," he explained.

Prince Rainier also has another project up his sleeve to diversify further and expand the country's tourist sector. His plan is to enlarge the harbour of Monte Carlo to accommodate medium-sized cruise ships which at present cannot stop at Monaco because of inadequate facilities and therefore dock

With signs that the European cruise business is picking up again, the project to attract passing cruises to Monaco would be yet another way of rotating the 3m visitors which come in and out of the principality each year even though only about 250,000 actually stay and spend the

Expanding in Monaco

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A small but thriving sector

FIRST TIME visitors to Monaco are often surprised to find a small but thriving industrial community in the principality. Some 500 small and mediumsized enterprises, some sub-sidiaries of larger groups, have now established themselves in now established themselves in Monaco where they employ a total of about 5,500 people out of the 21,750 salaried workers of the principality. This itself is an astonishingly high figure if compared with Monaco's overall population of 27,000 inhabitants.

Although Monaco has always been essentially known as an

Atthough Monaco has always been essentially known as an internationally famous tourist resort, Prince Rainier from the beginning has sought to diversify his country's economy by encouraging the establishment of a calestive group of small and of a selective group of small and medium-sized enterprises as well as commercial trading, financial service and banking

concerns.
Companies which decide to establish themselves in Monaco have certain tax incentives such as the absence of corporation tax if they do not do more than as the absence of corporation tax if they do not do more than 25 per cent of their total turnover outside the principality. But the local authorities are careful to vet companies before granting them the go ahead to set up business in Monaco. "We had, and still have, to choose what we allow in because we do not want to spoil Monaco." ex-

not to risk compromising its tourist business. Moreover, as there is a premium on space in the principality, owing to the country's tiny size, only selected industries could be housed in Monaco. Nonetheless, the development of industrial activity has been a spectacular achievement considering there was only one industrial company making ceramics and perfumes in Monaco just over 100 years ago.

"What is a peculiar charman perfumes the reflected in a few statistics and perfumes are reflected in a few statistics. There are also food companies including another large sector as are electrical, electronic and other high tech industries. There are also food companies including are not mingled together, the principality has managed to achieve a successful balance or cohabitation, to use a fashionable team in France, between the two sectors.

The development of industry and tourism are not mingled together, the principality has managed to achieve a successful balance or cohabitation, to use a fashionable team in France, between the two sectors.

The development of industry and tourism are not mingled together, the principality has managed to achieve a successful balance or cohabitation, to use a fashionable team in France, between the two sectors.

The development of industrial and volkswagen.

Concentrate gradually all industry in the new quarter of Font-dustry and other high tech industries. There are also food companies including are not mingled together, the principality has managed to achieve a successful balance or cohabitation, to use a fashionable team in France, between the two sectors.

The development of industrial and vielles where additional space has been made available for industry and offices. By making are not mingled together, the principality has managed to achieve a successful balance or cohabitation.

plained Prince Rainier. Monegasque based company Monaco has thus selected called Silvatrim has become a small, non-polluting, high value major supplier of small plastic vitles clashing with tourist faciadded industrial activities so as components to large car comnot to risk compromising its panies like Renault, Citroen, tourist business. Moreover, as Fiat and Volkswagen.

As part of the principality's policy to prevent industrial acti-vitles clashing with tourist faci-

in Monaco just over 100 years ago.

"What is a peculiar characteristic of industry in Monaco as indeed of other business sectors in the principality is that each one is involved in its own very specific sector. It is therestore dead, industry, commerce and vision. Most of them do not complete in the same markets. One could describe it is a microcosm principality, with the samination employing 10 per cent and idle and given the mistration employing 10 per cent and idle and given the mistration employed by the Societe destination of the same downs of the tourist and the remaining 10 per cent and idle and given the principality new diversified economic vehicles to offset the ups and downs of the tourist business. Indeed, Prince Rainger of Chemicals, per cent come from neighbours as for the Compagnation of chemicals, per cent come from neighbours as for the communities, while the principality. Indeed, a little over 11,000 or 52 called Monaco as a place where you enjoy and entertain yours as way for the principality to continue attracting a younger population of business enterpense and an active commercial and an active commerciant way for the principality a and an active commercial and services sector has also seen a you enjoy and entertain yours as well as work in a safe. clean and pleasant environment, "Se distraire et travailler," to quote his French formula.

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Building and civil engineering

Ambitious projects under way

Manhattan on the Mediterranean. Huke skyscrapers mark the skyline of the tiny country against a dramatic and picturesque background of steep moun-tains that dominate the blue

Inside the small principality, there seems to be no end to construction work. The sound of drilling and of buildings being pulled down and erected again is as much a part of the daily atmosphere of Monaco as the bus loads bringing tourists to the casino, or the fireworks which dazzle the sky over Monaco most Friday nights in

onaco

338

Major public works programmajor public works programmes continue to be planned by the Monegasque authorities while demand for flats and offices continues to be relatively sustained. Indeed, the Monaco property market has suffered far less than the French market during the property slump of the last few years.

"The slump was hardly felt The slump was hardly felt out at sea. here. Prices of flats have con- Two man-made peninsulas tinued to fetch between FFr stretch out at sea between the

sq m and more for prime prop-erty," remarked a Monaco-based property agent. With the fiscal and natural attractions which the principality offers, it is not surprising that there has continued to be a steady demand especially from foreign visitors and future residents to

invest in Monaco property.

A characteristic of the Monaco property market is that although rents are high, prop-erty prices by comparison are disproportionately higher pro-viding a net return on capital of only between 3 per cent to 4 per cent a year. Of late, however, property prices have not risen by the same high rate as in the not-so-distant past.

With space such a rare commodity in Monaco—the principality is barely the size of Hyde Park—it is not surprising that the property developers have built upwards as in Manhattan and the authorities have sought to extend the territory of the tiny country with landfill

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FROM THE SEA, the principal- 25,000 a sq m up to FFr 50,000 a artificial beaches of the Monte- rock had now been transformed ity of Monaco looks like a mini sq m and more for prime prop- Carlo seafront. On one stands into a "Gruyère cheese" with the summer sporting club and casino, and on the other an exhibition hall which is now due to be replaced by a brand new one to boost Monaco's business convention and congress

facilities.
On the other side of the rock on the other side of the rock on which Prince Rainier lives in his castle, another even more ambitious landfill project is now virtually being completed after more than 20 years of work. It will add 16 per cent to the country's national territory, bringing two new harbours, a huge sports complex, residen-tial flats and offices as well as new facilities to concentrate the principality's industrial activi-ties in what is effectively an entirely new neighbourhood.

The stadium on the Font-

vieille landfill project has a 20,000-seat capacity for specta-tors, as well as housing numertors, as well as housing numerous other facilities including an
Olympic swimming pool and an
omnisports hall. The complex is
designed to enable the
principality to host international sporting events thus
helping promote its image internationally, as well as to provide
facilities for Monagasque
schools and a ground for Monaco's first division soccer club.

New tunnels have been dug

New tunnels have been dug railway station for Monaco. under the rock to help the flow of the ever increasing traffic of with additional space and the principality. A car park has would make the railway crosto have once remarked that the

all its holes and tunnels.

The Prince has been the dynamo behind the major constructions programmes that have helped Monaco transform itself during the last 30 years into a city state at the same time preserving its tourist assets. The Prince now says that the days of the high rise buildings are over although renovation and reconstruction of older buildings are bound to go on. At the same time, Prince Rainier is keen to develop wherever possible green spaces to enhance the overall appearance of his country. Moreover, he is also anxious to preserve the Belle Epoque character of that key piece of real estate around the Monte-Carlo casino where a huge underground car

park is now under construction in the casino garden. As part of this policy to enhance the appearance and quality of life in the principality, Monaco has decided to embark on an ambitious cabling programme to rid the principal-ity of ugly television aerials and improve the quality of transmis-sion and the number of channels for viewers. An even more ambitious project is the con-struction of an underground

also been dug in the rock to sing the principality completely serve the old city and the invisible by running underthousands of visitors who flock ground throughout the whole every year to see the Oceano-territory. It already goes graphic museum, the cathedral through a long tunnel which where Princess Grace is buried and the castle of the Prince. Indeed, Prince Rainier is said cial beaches and new "bord de Luxury hotel development

The 'belle epoque' lives on

WHEN I STARTED on this between 500 kilos and 12 tonnes project lots of bankers said I from Switzerland where a fac-was crazy to launch into a major tory in Lausanne has been work-real estate venture in a ing entirely for me during the depressed market. But I told past two years," said Boustany. them I was in no hurry to sell. The ceramics on the domes of The real estate crisis is now the hotel have come from nearly over, my hotel is nearly Alsace, the marble from Italy, finished and I have already and one floor alone, a carpet of started selling space in the marble, has cost FFs lm. Bousshopping mall and the business tany also commissioned an offices attached to the project." artist at the Louvre in Paris to Nabil Boustany, a small, lively paint frescoes and portraits of property developer from Beirut, the princes of Monaco to adorn also readily acknowledges that the hotel's new lobby. his decision to buy from the UK's Grand Metropolitan group the Metropole Hotel in Monte

advantages and facilities of the modern technological age.
"I wanted to do something special, not just for commercial or business reasons but also for my own personal satisfaction," said Bonstany, sitting in his office on the site of one of the most empirical best and the same technical sections. most ambitious hotel projects ever undertaken on the Riviera. ever undertaken on the Riviera.

His office was cluttered with plans, paintings, pieces of material and carpet, light fittings, only bath taps. From the beginning, Boustany has followed personally every detail of the reconstruction of the Metropole, a venerable institution built in the heydays of Monte will also accommodate the Carlo just over 100 years ago but lately in dire need of renovations.

Bool as well as those sitting around on the terrace. The projects also include 100 flats which Boustany plans to start selling soon. Coupled with flats is an office block annexe which already houses the Monte Carlo branch of Interpolational Westminster Bank and offices of Olympic Maritime, the lately in dire need of renovalately in dire need of renova-

Boustany, like so many entrepreneurs from Beirut who have shown an extraordinary business resilience and persist-ence despite the tragedy of the Lebanon, had been looking for some time for an opportunity to faifil his ambition to build a luxury hotel complex inspired in the rococo style and architecture of the "belle

epoque."
"I could not do it in Beirut because of the war. I tried to do it in Geneva but the regulations in Switzerland made such a project impossible. Then I found this opportunity to buy the Met-ropole in Monte Carlo where I came for my holidays," Boustany explained.

After a meeting in London with the late Sir Maxwell Joseph, chairman of Grand Metropolitan, Boustany reached an agreement to buy the Metropole from the British group in 1981. Although the hotel was one of six buildings classified as being of major historical interest in the Principality of Monaco, the Monegasque authorities agreed to allow Boustany to pull down the old hotel and reconstruct a new complex on the same style as the old building.

Boustany was thus able to

launch his FFT 600m project hir-ing architects, artisans and artists from Italy. France and Switzerland to construct his new hotel. He had the facade of the hotel entirely redone in Switzerland. "Lorries brought more than 6,000 pieces weighing

The hotel, which is due to open in December, is a mixture of rococo and high tech. All the Carlo in 1981 reflected above all an old dream to build from scratch a "belle epoque" luxury hotel complex with all the advantages and facilities of the modern technological age.

"I wanted to do something special, not just for commercial ped with an anti-nuclear shelor business reasons but also for my own personal satisfaction." Monaco. In the hotel garden, a Monaco. In the hotel garden, a summer and winter swimming pool has been built with a bar

which can serve guests in the pool as well as those sitting around on the terrace.

The projects also include 100 shipping company of the late Greek tycoon Aristotle Onassis which is moving from its old headquarters overlooking the

harbour of Monte Carlo. Perhaps one of the most spectacular features of Boustany's development is the shop-ping mall which will house 118 boutiques. Already the Godiva chocolate group has opened the first shop in the yet to be completed Metropole arcade. Bousunderground levels to fit all the cooling systems which operate the new complex as well as car parking facilities of which the centre of Monaco up to now has been cronically short.

But it is undoubtedly the hotel which is the most interesting aspect of the project. Although some local hotel officials suggest that Boustany may have a hard time making the hotel pay off, the Lebanese developer appears confident. The hotel, he says, has always been, and will continue to be, an important landmark of Monte Carlo and its

so-called "golden square" around the famous casino.

It has also always been particularly favoured by the British clientele since the Metropole was originally built in the last century by British businessmen and finenciers who decided to and financiers who decided to invest in Monte Carlo and create the Monte Carlo Hotel Company. Indeed, they acquired the land on which the new hotel is

ropole, the Metropole has play-ed host to royalty, grand dukes and tycoons from all over the world. King Edward VII stayed there. Other guests included King Farouk of Egypt and the Grand Duke George of Russia. Boustany, who has decided to

build a special press lounge for passing journalists in his hotel. for the Principality's Minister of cause of its cheese-like shape-State. During the second world of Monte Carlo.

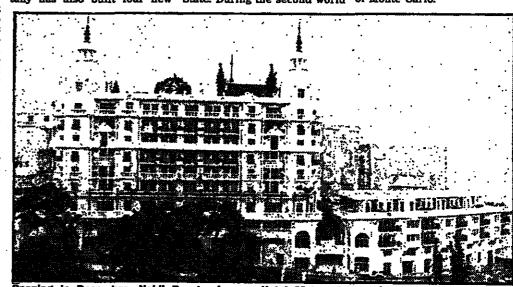
war, the botel was occupied by

the Germans. With its background and its new facilities, Boustany be-lieves the hotel will prosper. He has recently formed a joint venture company with Conrad International Hotels, the luxury subsidiary of the US Hilton hotel group, to manage the hotel facilities. He also claims that marketing studies have shown that there is still ample room for the development of new hotel space. At present there are about 2,100 rooms in Monaco. "Our experts say that there is room for an additional 2,000 more rooms, Boustany ex-

However, although he claims he does not envisage at present opening gambling facilities in his new complex. Boustany appears to be eyeing the possibility in the longer term of including gambling as an additional attraction, businessmen and local officials in Mona-

men and local officials in Monaco suggest.

Like its competitor on the other side of the "golden square," the Hotel de Paris, built four years before the Metrenewed for a 20-year period to the Societe des Bains de Mer (SBM), the company which owns the casino as well as the majority of the luxury hotels in Monte Carlo and is also 69 per centowned by the Monegasque state. But although he will not at this stage at least be competing with the SBM establishments in the passing journalists in his hotel, the SBM establishments in the says that when the Daily Mail gaming business. Boustany will proprietor resided at the Metropole during the First World be competing with the SBM in pole during the First World the business of selling "jois de wire," good food and the fanday his newspaper which was tasy of the belle epoque which delivered by a small plane dithe principality is now keen to ving over the hotel and throwing recreate especially around the down a package containing the "golden square"—or "camembaily Mail as well as the mail bert" as the locals call it be-Daily Mail as well as the mail bert" as the locals call it be-



A new image emerges

economy into other sectors such

as services, and small, high value added, non-polluting From the beginning, Prince Rainier has not wanted "to put

The slump in American tourists last year badly shook the
principality's tourist business
and underlined the frail nature
of tourism as an economic activity. For this reason, the Monegasque authorities have been
keen to diversify into new seckeen to diversify into new sectent of the Monegasque authorities have been
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keen to diversify into new sectors to turn Monaco into a 12 knows the organisation, the sysmonth a year resort with an affluent population of local also feel he is well armed to be residents who work in the principality.

At the same time, the principality is pursuing its ambitious public works prosprended ambitious public works prosprended in the principality is pursuing its ambitious public works prosprended in the principality is pursuing its ambitious public works prosprended in the principality is pursuing its ambitious public works prospected in the principality is pursuing its ambitious public works prospected in the position. It's a sort of mutual agreement," he said.

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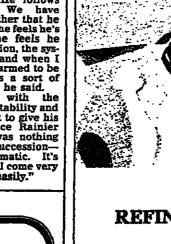
And consistent with the apolitical image of stability and safety he has sought to give his little country, Prince Rainier added that there was nothing urgent about the succession—country to retain its special "It's nothing dramatic. It's something which will come very phere, which distinguishes the

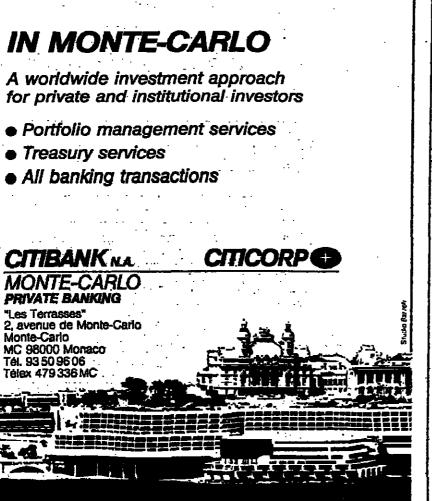
all the eggs in the same basket "
and has sought to diversify the
economy from tourism which
still accounts for 25 per cent of
Monaco's gross domestic product. Thus Monaco is pursuing
its successful policy of developing its business convention and
congress sector, offering new
attractions in the arts, sports
and leisure fields as well as
traditional classic events like
the Monte Carlo Rally or the
Formula 1 Grand Prix, and
promoting the pricipality in
new markets.

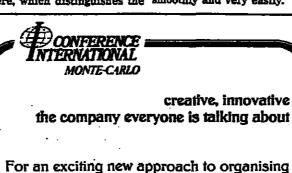
The slump in American tourists last year badly shook the
principality's tourist business

principality from other resorts.
There is also these days little
talk of the succession in
Monaco. After the tragic death
in a car accident in 1982 of Princess Grace, (who played a criticity prestige and world renown),
there had been speculation that
Prince Rainier, who will
be 64 this month, shows every
sign of wanting to go on with his
task of managing his small country. People, he claims, make too
much of the succession issues.

"Albert sits at meetings with



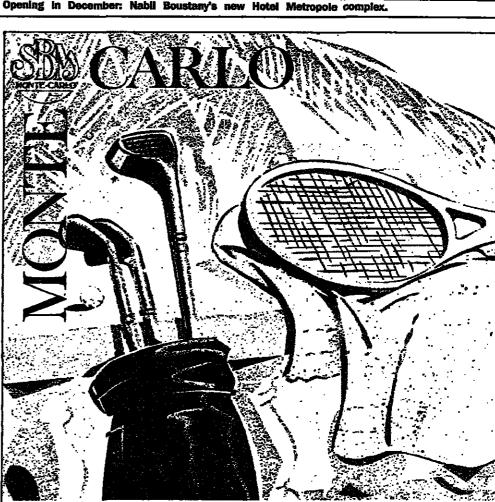




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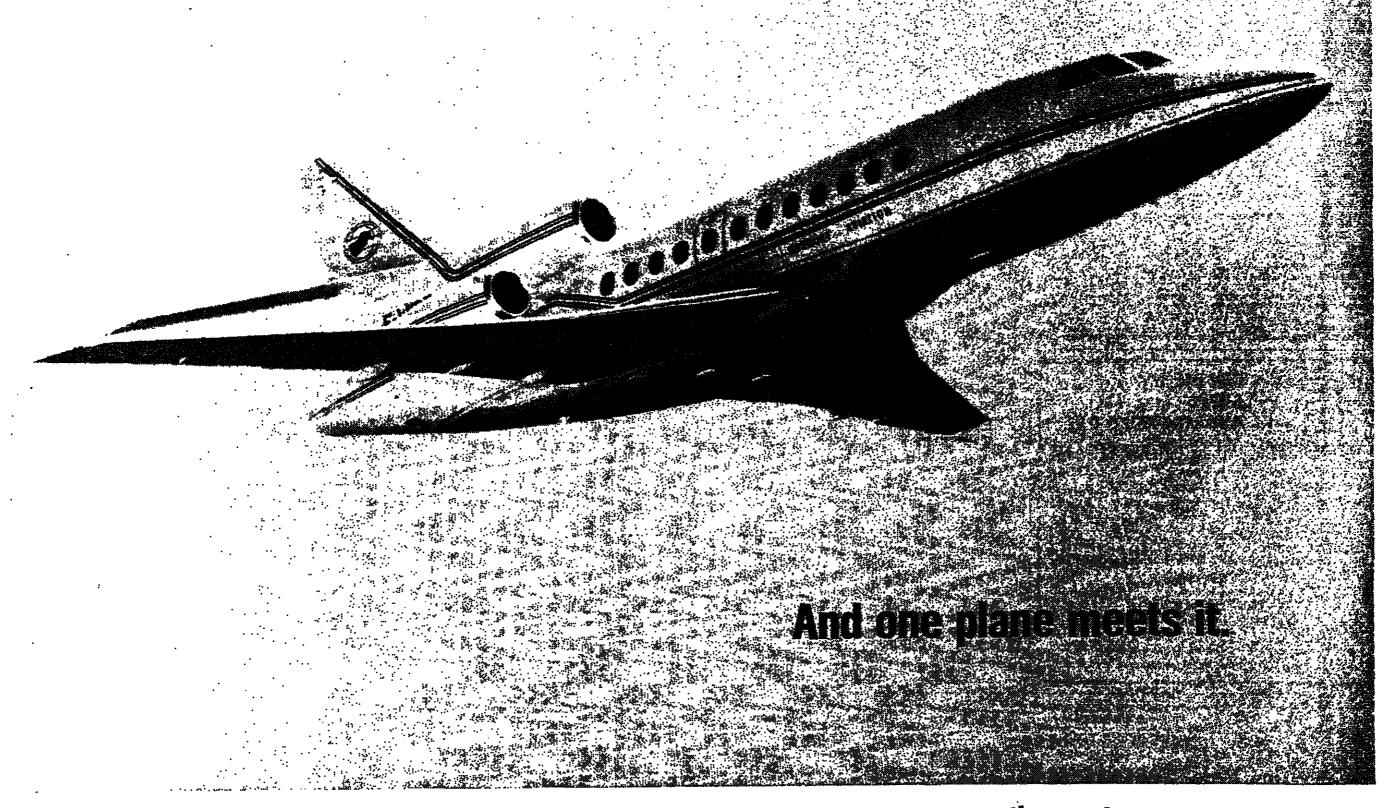
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